

FINANCIAL TIMES

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WORLD NEWS

Ceasefire takes effect in Beirut

A ceasefire took effect in Beirut at noon yesterday as Christian and Moslem leaders agreed to reopen all seven crossing points between east and west Beirut.

Ryan stands as Euro MP Roman Catholic priest Patrick Ryan, who last year successfully fought British extradition moves in Belgium and the Irish Republic for alleged terrorism, announced his candidacy in the European Parliament elections on June 15.

Car salesman John Cannon was jailed for life at Exeter Crown Court for the murder of Shirley Banks, snatched from a Bristol street in 1986. He received two other life sentences, for rape and another sexual offence.

Fourteen Liverpool football fans faced jail sentences after a Belgian court found them guilty of manslaughter at the Heysel football stadium riots in 1985.

Launch of the US space shuttle Atlantis was postponed for at least 24 hours at Cape Canaveral, Florida, because of what space officials described as technical problems.

Rioters killed at least 25 Mauritians in the Senegalese capital Dakar in retaliation for the killing of up to 400 people in the Mauritanian capital Nouakchott.

Historian Roy Medvedev, elected this month to the Soviet parliament, has been readmitted to the Communist Party, 20 years after his expulsion for exposing Josef Stalin's crimes.

President George Bush is planning to visit Poland during his trip in July to the G7 economic summit in Paris, White House sources said. A visit to Hungary may also be arranged.

British Railways Board chairman Sir Robert Reid gave assurances that BR remained committed to services in the north of Scotland.

About 1,000 people were evacuated from an industrial estate near Heathrow Airport, London, when solvent containers released a cloud of toxic gas.

Broadcaster and writer Jack de Manio who died in October, aged 74, left £10,000 in his will. He once said of his financial affairs: "It's entirely my own fault. I cashed in my pension rights years ago to pay a thumping great income tax demand."

The Financial Times will not be published on Monday, the May Day Bank Holiday.

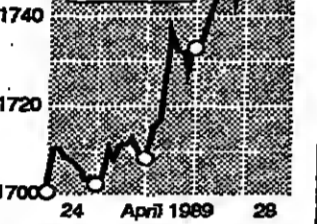
BUSINESS SUMMARY

Ex-Next chief forms link with Asda

GEORGE Davies, deposed head of Next retail chain, and his wife Liz will take responsibility for Asda's clothing and footwear ranges. As part of the deal, the superstore group will take a 20 per cent share in the George Davies Partnership, a new venture formed by the husband and wife team.

ACCOUNTANCY profession and the Government came into conflict over a system to set accounting rules. Page 3

FT ORDINARY Index rose sharply on Wednesday and Thursday and jostled with the year's highest early yesterday. However, it slipped back



to close at 1,750.4, up 49.9 on last Friday's close, as securities houses balanced their positions ahead of the long weekend. Page 15

GUINNESS, UK drinks group, and Owens-Illinois, US glass container-maker, will sell the jointly-owned United Glass, one of the largest manufacturers of glass packaging in Britain. Page 22 and Lex

CENTRAL BANKS intervened in late European trading to control the dollar's strength. The US Federal Reserve, the Bank of England and the central banks of Canada, Italy, France and Switzerland sold the dollar to prevent it rising against the D-Mark. Page 11

NET Book agreement: Sir Gordon Borrie, Director General of Fair Trading, has decided to extend investigations into the agreement, which allows publishers to set minimum prices for books. Page 22

RANKS Hovis McDougall, British food group, and Goodman Fielder Wattle, its Australasian counterpart, are thought to have begun exploratory talks on a compromise merger following RHM's £1.33bn bid for Goodman Fielder. Page 22

BRITISH GAS and Amerasia Hess of the US intervened in a deal agreed earlier by Enterprise Oil, Britain's largest independent oil company, to pay \$1.4m (£24m) for the oil and gas assets of Texas Eastern. Page 22 and Lex

OLIVETTI, Italian office automation company, said consolidated net profits had fallen by 11.4 per cent in 1988 to £356.2m (£159m). Page 10

HOWARD Smith, one of Australia's oldest companies, is to restructure through the AS186.8m (£87.4m) sale of its loss-making coal business to Coal & Allied Industries, its 48 per cent-owned associate. Page 11

Heinz to wrap baby food in security packs

HEINZ, the food manufacturer at the centre of the alert over contamination of British baby foods, is halting production at its Wigan bottling plant for two weeks while it introduces new equipment to wrap products in plastic security sleeves, writes Lisa Wood.

There have been five confirmed cases of its jars being contaminated by slivers of glass, razor blades and caustic soda. The company, which is refusing to pay a £1m blackmail demand, said the heat-sealed plastic sleeves would make baby products tamper-proof,

but would make tampering more evident. Heinz, which produces about 80m jars of baby foods a year, has been developing the sleeves for several months but has accelerated the programme because of the recent alert. Production of canned baby foods is unaffected.

The number of reported cases has risen to over 220 but Scotland Yard said the majority of incidents involved "copy-cats, people getting on the bandwagon, cranks and some cases of self-contamination." Police believe the man who made the demands to

Heinz also contaminated pet food and demanded money last autumn. Products wrapped in the new packaging will be introduced into supermarkets in a phased programme. Heinz will exchange them for existing stock which will be destroyed. However, retailers are not being advised by Heinz to take existing stock off the shelf.

The company, which produces nearly 60 per cent of Britain's baby foods, said warehouse products were not in danger. "We and the police are convinced that the problem is one

of external contamination," said Heinz. Cow and Gate, a baby food manufacturer whose products have also been contaminated along with other brands of baby foods, said it was reviewing its packaging. The company said it had received no blackmail threats.

After a meeting yesterday between police, government officials and the food trade, police suggested stores could sell baby food from behind counter, which would be "a sensible alternative" to total withdrawal. Meanwhile Mr Douglas

Hurd, Home Secretary, defended police against allegations that they had failed to inform the public quickly enough about the baby food danger. He said early disclosure would simply encourage cranks and crooks to put more children in danger.

Speaking on the BBC Radio 4 World at One programme, he added: "These are the sort of judgments the police have to make... the essential thing now is to catch the people or person responsible for the underlying criminal exercise." Packaging to beat the poisoners, Page 3

Ministers face further conflict on dons' pay

By David Thomas, Education Correspondent

A GOVERNMENT plan to break the long-running universities pay dispute could bring it into conflict with dons at Cambridge and Oxford universities. The Government is likely soon to give individual vice-chancellors money to make local pay settlements with their staff. It will insist, however, that universities use part of the money to make merit payments to professors.

based pay structures in the universities. They believe there is scope to increase the salaries of top professors by as much as 50 per cent, moving them much closer to US rates. The Association of University Teachers has been engaged in an exam boycott over pay, though that was amended this month to a refusal to mark exam papers. The university employers' latest pay offer, worth 7 per cent in a full year, was made possible only through fresh government funds. Until now, ministers have refused to release that extra funding until all industrial action is scrapped.

Universities Funding Council giving it authority to release funds to individual universities which are prepared to settle the pay dispute on the basis of the latest offer. The funding council will have to be certain that an individual university is prepared to implement all aspects of the offer before it releases funds. In particular, each university will have to agree to carry out that part of the offer - worth 1 per cent in a full year - which is earmarked for merit payments. Ministers believe those merit payments will be inconsistent with retaining a single rate for professors. Cambridge has so far kept a single professorial rate of about £28,000 a year, despite

Italy hopeful on Nato missile row

By Robert Maffner and Bruce Clark

MR Ciriaco De Mita, the Italian Prime Minister, emphasised yesterday that there was no reason why a compromise on the controversial issue of Nato's short-range nuclear weapons should not be reached at the alliance's summit at the end of May. After 3½ hours of talks in London with Mrs Margaret Thatcher, Mr De Mita claimed that, fundamentally, there was a "convergence of views" on how to deal with the problem. British officials said there had been no change in Mrs Thatcher's view, shared by the US, that Nato should resist West German calls for "early" negotiations on short-range missiles.

redesign short-range nuclear missiles could begin. Mr De Mita implicitly criticised an approach of those - he obviously had Mrs Thatcher in mind - who ruled out future negotiations because they had decided in advance that they would not lead to the right results. "Nobody knows what is going to happen," he said. Fresh indications of whether this optimism is justified should emerge from Mrs Thatcher's talks today with Mr Rudi Lubbers, the Dutch Prime Minister. Mrs Thatcher flies to West Germany tomorrow, for what could be an abortive encounter with Chancellor Helmut Kohl. Bonn officials are particularly irritated by Britain's stance on the nuclear issue. The Italian leader acknowledged that Mrs Thatcher's "very closed" position on European monetary union was diametrically opposed to his own, but paradoxically they agreed on one thing: that progress towards monetary union would lead inevitably to closer political union. It was for exactly that reason that he favoured monetary integration and Mrs Thatcher opposed it. However, Mr De Mita said he had offered Mrs Thatcher a bet, which she had declined to take up. She would give ground at the forthcoming EC summit in Madrid. However, he specified that these comments should not be taken to mean that Mrs Thatcher gave him a promise of early UK participation in the EMS exchange rate mechanism; he was merely basing his optimism on his reading of recent comments by Mr Nigel Lawson, the UK Chancellor. Hopes for Nato compromise shaken, and call for talks on tactical nuclear arms, Page 2

Royal Life pension inquiry

By Eric Short, Pensions Correspondent

ROYAL LIFE Insurance has started an internal inquiry into the affair which resulted in a subsidiary paying £5m to restore the funds of the troubled, Aveling Barford pension scheme. The payment, announced on Thursday, arose from the link by Royal Heritage Life Assurance with Midminster, the failed investment firm. Midminster was one of the investment managers handling the assets of the two schemes. Aveling Barford, a former engineering company based in Grantham, Lincs, went into liquidation last year. This February newly-appointed trustees revealed deficits in the schemes of £4m to £5m. Midminster was responsible for about £5.8m of the schemes' assets, of which only £1.8m could be accounted for. This loss made the schemes' financial position weak. Midminster provided investment management through direct shareholdings and through a broker bond operation investing in funds managed by Royal Heritage, a

unit-linked and unit trust firm. Under a broker bond operation an outside investment manager operates a portfolio of linked funds managed by one or more life companies, with a limited discretion to switch between funds. In these circumstances, when the funds of just one life company are used, it is often unclear whether the investment manager is acting as a principal for his client or an agent of the life company. The £5m payment by Royal Heritage indicates that it has accepted responsibility that Midminster was acting as an agent, with or without its knowledge. Authorisation for Midminster to transact investment business has been withdrawn by the Financial Intermediaries, Managers and Brokers Regulatory Association. Meanwhile, the Securities and Investments Board, the main financial services regulatory body, is about to petition for the winding-up of Midminster. Midminster's assets are small.

The schemes' trustees, Mr Roger Powdrill, a partner in the accountancy firm Spicer & Oppenheim, and Mr John Kendall, a Grantham solicitor, are taking steps to reclaim the other outstanding asset, not readily available. This was a £1m subordinated loan made to the liquidated Aveling Barford company. The trustees still face a dispute with the Inland Revenue over tax issues, although the Revenue has relaxed its stance towards the payment of transfer values. These enable members to take money out of the scheme and invest it in another pension arrangement. On Thursday Mr Powdrill told members of the schemes that the trustees were now in a position to cover the basic entitlements of members and pensioners. He hoped also to be in a position to enhance these benefits. The scheme rules give trustees discretion over distribution of surplus. It does not appear that the liquidator of the parent company has any claim on any surplus.

Unilever cancels Fabergé deal

By Christopher Parkes, Consumer Industries Editor

UNILEVER, the Anglo-Dutch consumer products group, yesterday pulled out of negotiations to buy the Fabergé and Elizabeth Arden toiletries and cosmetics businesses from Bilkis Family Corporation of the US. The \$1.55bn (£917m) deal, agreed in principle in early February, collapsed after the seller proposed changes in its structure and terms, which Unilever said would have involved substantial extra costs. Bilkis is understood to have attempted to raise the selling price by more than \$200m dollars. Yesterday Mr Mike Angus, Unilever's chairman, said: "Essentially they wanted more money. It is irritating more than disappointing. You can

waste a lot of time on this sort of thing." In an official statement he said: "At the agreed price the acquisition would have been an important step forward in our strategy for personal products. There are alternative ways of achieving our strategic objectives, and we will continue to pursue these vigorously." The initial agreement was based on a major coup for Unilever. Had it gone through, the company would have equalled L'Oréal of France in first place in the world's cosmetics and personal care markets. It would also have greatly strengthened its product portfolio, complementing its existing range of mass-market products with high-class perfume brands.

"I have other acquisition thoughts," Mr Angus said. It is widely believed that Britain's Beecham Group may sell its personal products and food businesses. Personal products, ranging from toothpaste to perfume and eye make-up, are becoming increasingly international businesses. L'Oréal is extending its reach beyond France, where it makes about 75 per cent of its annual sales. Japanese companies such as Shiseido and Kanebo, which figure prominently among the global league leaders, have also been marketing aggressively in the US and more recently in Europe in an effort to compensate for stagnating sales in their own country. Revlon to buy West German cosmetics group, Page 10

AUDIT of REVOLUTION

Next week sees the tenth anniversary of the Thatcher Government. In a special report, to be published on Thursday, FT writers ask whether there has been a British miracle.

MARKETS table with columns for Sterling, Dollar, Stock Indices, and various market data.

CONTENTS table listing various articles and their page numbers.

THE INSIDER'S GUIDE TO EUROPE. AIR FRANCE. Europe's No. 1 airline. Includes a list of destinations and a stylized signature.

Weekend FT



TRYING TO BREAK FREE On the day of the rugby league Cup final at Wembley, Nick Garnett looks at the gritty reality of the modern, professional game Page 1

Minding Your Own Business Roy Hodson and Lisa Wood find out what it takes to run your own pub Page VII

Travel Las Vegas is best in exquisitely small doses, says Michael Thompson-Noel Page IX-X

Diversions Christian Tyler on the state of religion in the City of London. Plus How to Spend it on furniture and buying a British dishwasher Pages XVIII-XIX

Arts Why von Karajan quit the Berlin Philharmonic Orchestra. Plus Pavarotti at the Met Pages XX-XXI

Sport Teresa McLean on the genre of making cricket bats. And Ben Wright on golf Page XXII

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OVERSEAS NEWS

# US-Soviet grain negotiations stall on subsidies

By Nancy Dunne in Washington

US-SOVIET consultations over their long-term grain agreement broke up late on Thursday, with the US raising the purchasing limit from 20m to 24m tonnes but still insisting on the Soviet request for subsidised wheat.

President Bush and his cabinet were to discuss the question of subsidies yesterday, at a time when US wheat stocks are unusually low.

Soviet purchases of US grain have been closing in on the 20m tonne limit, established under the Long Term Agreement. Rumours swept the markets on Thursday that Soviet dealers were actively buying maize. At the end of the day, the US Department of Agriculture announced the purchase of 150,000 tonnes, but that is thought to be just the beginning of a grain shopping spree.

The Soviets were also prepared to buy 30,000 tonnes of US government-owned butter.

The Export Enhancement

Programme, under which the US provides subsidies for its farm exports, has been at the centre of a Washington storm amid conflicting reports that the Administration has suspended the programme at the urging of the Office of Management and the Budget.

Members of the House agriculture subcommittee were angry on Thursday over a report attributed to Mr John McGregor, the British Agriculture Minister, who was in Washington this week and was quoted as saying that US subsidies would not be used to bring pressure on trade competitors at the international trade talks.

Congressman Robert Smith, an Oregon Republican, raged: "Nobody is to blame for the British Minister's behaviour. He sees us in total retreat at a time when... we ought to be on the attack... These are delicate negotiations and the future of agriculture in the world is at stake."

# Swiss banks fear foreign reaction to stamp duty

By William Dullforce in Geneva

SWISS BANKERS warned yesterday that a new stamp duty on fiduciary business could have substantial effects on the Swiss banks.

The new levy is intended to compensate the federal treasury for a loss in revenue resulting from an easing of stay duty on other financial transactions, including trading in securities and money-market instruments.

The Swiss banks have been opening for years for the ring of existing stamp duties which, they claimed, handicapped Switzerland in competing with other financial centres, such as London.

While partially according to the banks' demands in the tax reform bill he tabled yesterday, Mr Otto Stich, the finance minister, has insisted on clawing back lost income by imposing new duties on fiduciary operations and life insurance premiums.

The tax burden on fiduciary deposits would be light compared with the capital gains that could be made, and the danger of the business leaving Swiss banks was small, Mr Stich said.

However, the Swiss Bankers' Association said that set alongside the steps towards deregulation from which other European financial centres were benefiting, the Swiss government's proposals were "incomprehensible and contradictory".

Stamp duty on fiduciary deposits would penalise the large funds managed by Swiss banks for foreign clients. It would in particular "induce institutional investors to withdraw their capital", the association said.

A lesson should be taken from West Germany's recent attempt to impose a "modest" 10 per cent withholding tax, which had led to a flight of capital from the country, the association added.

# Both sides entrench their positions on short-range nuclear forces Hopes for Nato compromise shaken

By David White, Defence Correspondent

NATO diplomats' confidence that a compromise on the issue of short-range nuclear forces can be reached in time for the Alliance summit in a month has begun to waver as a result of the increasingly entrenched positions taken in the past few days by West Germany on the one hand, and the UK and the US on the other.

However, most of the 16 members appear to be hedging their bets, ready to subscribe to whatever compromise Bonn might be willing to accept. "Nobody is going to be farther out than the Germans," one diplomat said.

Over the past 10 days, the focus of the row has switched from Nato's plans for updating its weapons to the issue of a

commitment on negotiating mutual cuts with the Soviet Union.

Last week, Nato defence ministers took the modernisation row off the boil with a deliberately vague expression of support for nuclear weapons, and acceptance of this by Washington as showing sufficiently good faith to justify US development funds for a new missile. But they found no common ground at all on East-West negotiations.

The allies closest to the German call for early talks are Belgium, most explicitly, and Norway, Denmark and Greece, which all distance themselves from Nato's nuclear facet. Spain, which also bans nuclear arms on its own soil, is slightly

more cautious about a timetable.

At the other end of the spectrum, Canada, Turkey and Portugal come closer to the position of the US and UK. France has taken a low profile so far, but is unwilling to jump into negotiations that might affect its own nuclear forces.

Since Nato decisions are taken by consensus, not by vote, smaller members' positions are not as crucial as in, for instance, a European Community council. Following tomorrow's meeting between West Germany's Chancellor Helmut Kohl and Britain's Prime Minister, Mrs Margaret Thatcher, bilateral and multilateral discussions are set to continue up to the Nato summit

on May 29 and 30.

EC foreign ministers will doubtless tackle the issue in the margins of their meeting in Brussels a week beforehand. Some ministers are expected to attend when Mr James Baker, US Secretary of State, briefs the Nato council on May 12 on his return from Moscow, but UK officials said Sir Geoffrey Howe, Foreign Secretary, had no plan to do so.

The relevant section of Nato's "Comprehensive Concept", commissioned almost two years ago and designed to reconcile force requirements with arms control, is understood to be still a blank. The document, being prepared by a high-level task force, is due to be approved at the summit.

# Optimism for revival of Namibia peace plan

WITH no more than 400 Swapo guerrillas still in Namibia, negotiators from Cuba, Angola and South Africa are close to agreement on the revival of their plan for Namibian independence, delegates said yesterday. Reuter reports from Cape Town.

Members of a Cuban, Angolan and South African commission monitoring the implementation of Namibian independence said intelligence reports indicated about 1,300 rebels had left Namibia for bases in Angola.

"I think we can finish this afternoon," Mr Venancio da Silva Moura, the Angolan Deputy Foreign Minister, said during a break in meetings scheduled to end last night.

He said the three sides had worked out arrangements to cope with any South West Africa People's Organisation (Swapo) rebels left in Namibia after a 90-hour truce scheduled to end at 6am this morning but he declined to give details.

Members of a Cuban, Angolan and South African commission monitoring the implementation of Namibian independence said intelligence reports indicated about 1,300 rebels had left Namibia for bases in Angola.

**Mauritanians killed**

At least 13 Mauritanians were stoned to death in the Senegalese capital Dakar yesterday in retaliation for the killing of up to 400 people in the Mauritanian capital Nouakchott, Reuter reports from Dakar.

The killings started just hours after Senegalese refugees reached Dakar with reports of two days of anti-Senegalese violence in Nouakchott.

**No-confidence vote**

Kenyan Vice-President Joseph Karanja, 58, was fighting for his political survival yesterday after Parliament unanimously backed a vote of no confidence in him. Reuter reports from Nairobi.

Mr Karanja was taking money from Uganda to overthrow the government.

**Mobil divestment**

Mobil, the American oil company, yesterday confirmed its plans to divest from South Africa by the end of June, Jim Jones reports from Johannesburg.

The company says it will sell its local interests to Gencon, the country's second largest mining group, for an undisclosed amount.

**French trade boost**

The French foreign trade balance, long a worrying feature of the economy, has strengthened for the third month running, with a seasonally adjusted outcome in March close to equilibrium, Ian Davidson reports from Paris.

Mr Pierre Bérégovoy, Finance Minister, greeted the encouraging figure as "good news for the franc".

**Indian poverty plan**

Mr Rajiv Gandhi, the Indian Prime Minister, yesterday announced a new anti-poverty programme which he claimed would provide a job for at least one member of each rural family, David Housego writes from New Delhi.

The new measures, foreshadowed in the February budget, reflect a new effort by the government to provide jobs and welfare through locally administered, village-level schemes.

**Dutch budget talks**

The Dutch Cabinet was locked in negotiations last night over a package combining a 20-year National Environment Plan and the 1993 budget, Laura Bann reports from The Hague.

Mr Onno Ruding, the Finance Minister, has threatened to resign unless budget savings are made in several areas - probably defence, housing and education - to pay for the environment plan.

**Berlusconi purchase**

Mr Silvio Berlusconi, the Italian commercial television magnate, has acquired a 4 per cent shareholding in TF1, the French commercial television network controlled by Mr François Bonygnes, Alan Friedman writes from Milan.

Mr Berlusconi, who is believed to have paid the equivalent of around £23.5m for the stake, already owns 25 per cent of La Cinq, another commercial station.

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# Toyota announces \$200m expansion of US capacity

By Kevin Done, Motor Industry Correspondent, in Tokyo

TOYOTA, Japan's leading automotive group, is to invest around \$200m (£118m) to expand its vehicle assembly capacity in the US.

It also announced yesterday its first significant breakthrough in China, with a technical co-operation deal that will lead to the local production of Toyota van bodies.

In the US, Toyota is planning to establish capacity for producing 100,000 pickup trucks a year at the Toyota General Motors joint venture plant in Fremont, California.

The New United Motor Manufacturing (NUMMI) joint venture was set up in the early 1980s by Toyota and GM to produce Toyota-designed cars for the US market, plus both the Toyota and GM badges.

Toyota's latest expansion plan will bring total investment at the Fremont facility close to \$1bn.

In the US, the company currently sells more than 200,000 light-duty trucks imported from Japan. The new project would create 700 direct jobs at the plant, increasing the workforce to more than 3,400. Production is scheduled to begin

in the spring of 1991.

NUMMI is already scheduled this year to produce 20,000 units of Toyota's Corolla small family car, also sold in the US by General Motors as the Geo Prizm, and by Toyota as the Corolla Sedan.

Toyota also has a wholly-owned \$1.1bn, 200,000 units-a-year car plant in Georgetown, Kentucky, which began production last year.

In China, Toyota is to enter a technical co-operation agreement with a subsidiary of the Gold Cup Automobile Corporation in Shenyang City, Liaoning Province, for the local production of bodies for its Hiace van and pickup range.

Toyota is to supply technical materials, know-how and training, as well as selling the Shenyang group press dies, body welding and inspection equipment in a deal worth \$30m plus production royalties.

Production in China of commercial vehicles using the Hiace body is due to begin in 1991 with output rising to 20,000 units a year by 1995. Toyota said no deal had been made to supply engines and transmissions.

# Israel police blamed over Nahalin raid

By Hugh Carnegie in Jerusalem

AN OFFICIAL investigation has found that Israel's paramilitary Border Police used excessive force, including army rifles on opening fire and shooting 150 live rounds, during a raid on the West Bank village of Nahalin this month in which five Palestinians died, according to Israel Radio.

It said the investigating committee, whose findings are due to be published next week, called the raid badly prepared and recommended reprimanding senior officers involved.

But it denied the incident, in which local youths stoned troops, was a deliberate massacre.

The report will fuel concern that the security forces are adopting an increasingly tough stance against the 16-month intifada (uprising).

Mr Yitzhak Rabin, defence minister, this week threatened harsher measures if Palestinians did not accept Israeli election proposals.

An opinion poll published yesterday showed 53 per cent of Israelis favoured tougher action.

Israel Radio said the border police platoon at Nahalin opened fire with live rounds after countering stone-throwers with plastic bullets.

# Call for talks on tactical nuclear arms

By Robert Mauthner, Diplomatic Correspondent

NEGOTIATIONS on tactical nuclear weapons in Europe should run concurrently with the Vienna conventional force negotiations, a group of prominent US and British academics said these weapons were not adopted at a Nato summit at the end of May.

In support of his suggestion that negotiations should be held with the Soviet Union on the tactical nuclear weapons issue in Europe, the council said these weapons were not suitable for the role of deterrence. They were war-fighting and pre-emptive weapons.

"For deterrence, nuclear weapons should not be forward-based, where they are vulnerable, and where they might be over-run."

The group said there was a strong case for Nato to make a unilateral move in this field by beginning the withdrawal of all nuclear artillery shells and inviting the Soviet Union to do the same. The negotiations should then deal with ground-based nuclear missiles with a range of less than 500km, with the aim of either removing them entirely or reducing them to very low numbers on either side.

Professor Frank Blackaby, a former director of the Stock-

holm International Peace Research Institute (SIPRI), said in London that East-West dialogue on negotiations should be conducted in the light of a number of new ideas about security.

The most important of these was the concept of "common security", which could only be obtained in agreement with a state considered to be a potential adversary. That implied a much greater degree of transparency in military matters and excluded any unilateral introduction of new weapon systems.

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Professor Frank Blackaby, a former director of the Stock-

# Argentina shuts down all markets

By Gary Mead in Buenos Aires

THE Argentine government unexpectedly closed all financial transactions yesterday - a bank holiday - before announcing a further round of emergency economic measures.

Since taking over as Economy Minister a month ago Mr Juan Carlos Pugliese has implemented a variety of measures aimed at halting a runaway demand for foreign currency which has eroded the austral and fed already high inflation.

Inflation in April is likely to be at least 40 per cent; prices of some items have registered much sharper rises, such as coffee, which has risen 700 per cent.

It is expected that Mr Pugliese will this weekend re-adjust exchange rate policy (for the fourth time this year), in order to persuade reluctant exporters to carry out business via the central bank, the reserves of which are now estimated at less than \$300m.

At the moment, exporters receive only 36 australs for every US dollar of foreign earnings, while the free market rate for the dollar closed on Thursday at 80 australs.

Mr Pugliese is under considerable pressure to unify exchange rates completely, and re-introduce export taxes at a level more favourable to exporters.

At the same time, he is expected to introduce substantial price rises in the public sector, as a means of easing a serious treasury deficit.

According to some independent estimates, the government has only 40 per cent of the necessary funds to cover its costs for April.

# W German space agency is launched

By David Goodhart in Bonn

WEST GERMANY has established a space research agency for space research, the German Agency for Space Affairs (DARA), which will oversee the DM2.6bn (£633m) plus of government money earmarked for space research over the next 10 years.

DARA, already nicknamed the "German Nasa", is designed to both co-ordinate and manage the space programme, a large part of which is committed to the major European Space Agency programmes such as Columbus, Ariane, and Hermes.

The Government has emphasised its commitment to space research by establishing a special cabinet committee, chaired by Mr Helmut Kohl, the Chancellor, and a second committee of senior officials from the relevant ministries.

# Australians dubious of Quayle claim on US grain subsidies

By Chris Sherwell in Sydney

US VICE-PRESIDENT Dan Quayle has left Australian cabinet ministers, agriculture officials and farmers shaking their heads at his claims that US grain export subsidies are not hurting Australia.

Mr Quayle is visiting Australia at the start of a ewing through several Asian countries. In Canberra, he rejected the Australian view that Washington's Export Enhancement Programme (EEP) had hurt Australian grain exports.

Prime Minister Bob Hawke had presented figures to him showing that, since 1985, when the EEP came into effect, Australia's share of the world wheat market had been almost halved.

In response, Mr Quayle offered different figures covering a longer period, suggesting that Australia's share was currently above the 10-year average, and that the US's share had actually dropped.

He told the National Press Club the Australian position had been put to him "in no uncertain terms", but insisted: "It is still my belief that US trade policy is not hurting Australia."

Since then, Mr Michael Duffy, Trade Negotiations Minister, the small opposition Democrat Party, the Australian Wheat Board and the National Farmers' Federation have all expressed disdain for this view.

According to the Wheat Board, Australia has seen its sales decline sharply in several markets targeted by the EEP.

In the Australian view, US subsidies have allowed its wheat to capture new markets at a time when world prices

# Fall in US indicators points to slowdown in growth this year

By Peter Riddell, US Editor, in Washington

US LEADING economic indicators fell in March for the second month running, for the first time since the 1987-88 winter, providing further evidence of a likely slowdown in growth during the rest of the year.

The composite index, looking ahead to economic changes in three to six months, fell by a larger than expected 0.7 per cent last month, following a 0.3 per cent decline in February.

Nine of the 11 indicators contributed to the fall, notably building permits and manufacturers' new orders for consumer goods and materials.

The index of coincident indicators, which is intended to approximate to the level of economic activity, rose by just 0.1 per cent in March, the smallest rise since last autumn. This confirms the impression from other indicators that economic activity had begun to slow during the first quarter. Consumer spending in particular has been flattening out.

The financial markets have also been encouraged by more optimistic remarks about the inflation outlook from Federal Reserve governors and regional presidents. The latest is Mr Robert Heller, the governor covering international affairs, who has said he does not believe "the preconditions for a sustained acceleration in inflation are now in place".

He adds: "The restraint we

have already put in place, coupled with the emerging deceleration in economic expansion, should eventually have a favourable effect on inflation. What is needed now is a bit of patience to allow that deficit that is in place to work."

The outline budget deficit reduction agreement between the Bush administration and congressional leaders of two weeks ago has now passed through the budget committees of both the Senate and House and will be considered on the floor of both chambers next week. Small differences between the proposals of the Senate and the House are likely to be ironed out by mid-May.

# Swiss bank policy to be maintained

By William Dullforce

THE CURRENT weakness of the Swiss franc was transitory, Mr Markus Lusser, president of the Swiss National Bank (SNB), said yesterday.

There was no reason fundamentally to modify central bank policy, which aims to maintain price stability by influencing the medium-term growth in the money supply.

The franc declined by over 10 per cent against the dollar and more than 3.5 per cent against the D-Mark between the start of the year and April 24, when the SNB raised its discount rate and Lombard rate, and, temporarily at least, halved the slide.

For 1989, the SNB has set a low target of 2 per cent growth in seasonally-adjusted central bank money but some bankers have wanted further tightening, to maintain the value of the franc and hold down inflation.

Mr Lusser said it was better to keep cool and study the reasons for the weakness of the franc. These were:

- The fall in the current account surplus from \$7.25bn in 1988 to \$5.25bn last year, which was "nothing exceptional" during a period when the economy was booming and the labour market was tight;
- The decline in domestic interest rates during the first quarter which might have led people, in concert, to pressure a slackening in the SNB's determination to pursue a price-stabilising policy;
- The current sentiment (on exchange markets) that the risks of rate changes within the European Monetary System could be ignored in the short term.

All these factors were temporary, Mr Lusser said, and it would be wrong to fight inflation by artificially provoking a rise in the franc's exchange rates.

# Mexican 'moral guide' is cast into outer darkness

The teachers' union revolt has profound implications for the government, Richard Johns writes

MR CARLOS Jonguitud Barrios, self-appointed "leader for life and moral guide" of the 1.5m-strong Mexican teachers' union since 1974, had his self-perpetuating tenure terminated this week at the behest of President Carlos Salinas de Gortari.

The end to the authoritarian rule of the man who seized control of the National Union of Education Workers (SNTE) in 1972 was euphemistically described as a resignation.

He was in effect dismissed by Mr Salinas, who eventually had no choice but to cast the labour leader, known for his use of strong-arm tactics, into outer darkness. The president could be forgiven for paying scant regard to the arcane processes of the SNTE.

Having rejected a pay and benefits award of 20 per cent, probably more than a quarter of the nation's teachers are on strike demanding a 100 per cent salary increase and democratisation of the union.

For the ruling Institutional Revolutionary Party (PRI), the affair has profound implications.

First, the claim of the dissi-

dent faction of the SNTE, known as the National Co-ordinator of Education Workers (CNTE), is a big challenge to the Mexican government's Pact for Economic Growth and Stability (PECE) - limiting the increase in the minimum daily wage to 8 per cent until the end of July - at a time when talks on renegotiation of Mexico's \$100bn (\$58.9bn) debt have just started.

Second, and related to the prospect for economic recovery, the strike has brought into high relief growing tensions between the PRI regime and the labour movement.

Third, the SNTE has entrenched itself so deeply into the political system that it can dictate appointments of headmasters and school inspectors as well as charging substantial down-payments for entry into the underpaid profession. Having encroached so far on the functions of the Ministry of Education, it is in a position to obstruct the reforms the Salinas administration wants to implement.

Given Mr Jonguitud's unpopularity in the union, reflected since 1979 by the existence of the CNTE rebel faction of some

300,000, it might seem surprising Mr Salinas did not move against him before.

It seems likely that the President and Mr Manuel Bartlett Diaz, the Minister of Education, were giving him a chance to bring the dissidents into line. But his days were almost certainly numbered.

Since the late 1930s, Mexican workers' syndicates have been a part of the corporate state, an arrangement which has made possible the keeping of wages well below the rate of inflation since 1982, with minimal labour trouble.

Pre-eminence in this system has been the Confederation of



Jonguitud: the "leader for life" in better times

Mexican Workers (CTM) led by Mr Fidel Velazquez, who, having ensured labour loyalty during nine presidential terms, celebrated his 90th birthday on Monday.

Within the CTM, the SNTE and the Union of Oil Workers of the Mexican Republic (STPRM) have always enjoyed a significant measure of autonomy. As leader of the CTM, "Don Fidel" has presided over the Labour Congress, which in effect has brought three-quarters of the movement numbering 9.5m workers under the aegis of the PRL.

For keeping the rank and file in order, labour leaders acquired political importance, with seats in Congress and state legislatures, a licence to entrench themselves at the expense of union members, and untrammelled power.

Described as a "rich union of poor teachers", the SNTE is not as wealthy as the STPRM, whose leader, Mr Joaquin Hernandez Galicia - "La Quina" - was arrested in January, but it boasts considerable assets.

Bosses of the teachers' unions forming Mr Jonguitud's so-called Revolutionary Vanguard - made up of about

80,000 headmasters, inspectors and federal directors of primary education - have used the same strong-arm methods as the STPRM in the past. The CNTE claims 150 dissident teachers have been murdered since 1980.

Relations between the government and the labour movement have become strained as real incomes have plummeted by 50 per cent and unemployment/underemployment has risen to 30 per cent.

The revolt by the teachers' union raises a question over the ability of traditional union leadership to ensure indefinite compliance with state policies - as it did with last year's Economic Solidarity Pact and so far this year with the PECE.

Like La Quina, Mr Jonguitud assumed the right to choose the secretary-general of his union. Within 24 hours of his downfall, his puppet nominee was replaced by Ms Elba Esther Gordillo. She is a formidable figure, but the task she faces in conciliating the dissidents and modifying a pay claim the government cannot afford is a daunting one. At least it will be helped by the departure of Mr Jonguitud.

# Peru MP murdered

PERU'S nine-year "dirty war" has cost the life of an MP, Veronica Baruffati reports from Lima. Mr Eriberto Arroyo Mio, 45, a United Left Deputy from Piura in northern Peru, was shot near Lima after leaving his children at school.

The killing, one bullet with a silenced gun, was characteristic of the Comando Rodrigo Franco, a death squad linked to the ruling party.

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OVERSEAS NEWS

# Tokyo resigned to Super 301 investigation

By Ian Rodger in Tokyo

TRADE officials in Tokyo were expected yesterday to accept the prospect of Japan being singled out by the US for investigation for unfair trading practices under the new so-called Super 301 clause of the 1988 trade act. The US Trade Representative's office in Washington was due yesterday to unveil its annual list of unfair trading practices facing US exporters. It is on the basis of this list that decisions will be taken at the end of next month about which countries in particular to target.

Japan's vulnerability stems from rising anger in US government circles over its huge trade surpluses. This may have been reinforced by the publication yesterday of trade figures for the year to March 31. They showed the country's trade surplus rose from \$94bn to \$95.5bn. The MoF had originally forecast a decline to \$81bn.

Meanwhile, bilateral trade negotiations on a number of fronts remained in trouble.

Talks broke down on Thursday between the US and Japan over the liberalisation of the Japanese mobile telephone market. The US has complained that Japan has failed to respect a 1985 agreement by

not allowing Motorola, the leading mobile telephone maker, to offer its services in the Tokyo area. The Japanese say there is a shortage of radio frequencies.

The Ministry of International Trade and Industry is threatening to invoke the dispute procedure of the General Agreement on Tariffs and Trade if the US invokes new sanctions against Japan for alleged violations of their 1986 semiconductor agreement.

Japan is also threatening GATT action if the US imposes sanctions under Super 301 for the alleged closed nature of its overall telecommunications market. Japanese officials argue that it would be against GATT rules to single out one country for sanctions.

The Japanese Defence Agency was preparing fresh concessions in an attempt to resolve the month-old dispute over the joint development of Japan's new fighter aircraft, the FSX.

According to reports in Tokyo yesterday, the agency would drop its insistence that more than 50 per cent of the work on engines be given to Japan and that flight control computer software be transferred to Japan.

# Discount rate fears ruled out

By Ian Rodger

A 1.4 per cent rise in Tokyo consumer prices in April has calmed growing speculation about an imminent discount rate rise by the Bank of Japan.

The Japanese authorities were not pleased with the rise, which was 2.5 per cent on a year-on-year basis, but they were relieved it was not higher.

It was the first indicator of price trends since a 3 per cent value added tax was introduced in April 1988 in a wide variety of goods and services.

A Bank of Japan official said the rise could not be considered low or a sign of price stability and added that the bank would not set its monetary policy on a single report.

# Sharp fall in payments surplus

By Ian Rodger

JAPAN'S current account surplus in March fell a sharp 24 per cent to \$6.5bn on a year-on-year basis. The trade surplus dropped 13 per cent to \$8.1bn, and the Ministry of Finance (MoF) expects the decline to continue.

Last summer, the trade surpluses began climbing again, causing anger among Japan's trading partners, especially the US. Yesterday's announcement showed that the trade surplus for the fiscal year to March 31 1989 rose from \$94bn to \$95.5bn. The ministry had earlier forecast a decline to \$81bn.

On a seasonally adjusted basis, the current account surplus tumbled 40 per cent from the previous month to \$5.4bn. The trade surplus was down 20 per cent to \$7.1bn.

The long-term capital account for March showed a net inflow of \$2.5bn, in a sharp turnaround from recent trends. This was due to a large number of securities issues overseas by Japanese companies and to a sharp drop in Japanese purchases of foreign securities.

The overall balance was thus in surplus by \$16bn against \$4.8bn in March 1988.

On a seasonally adjusted basis, the current account surplus tumbled 40 per cent from the previous month to \$5.4bn. The trade surplus was down 20 per cent to \$7.1bn.

Mr Tatsun Murayama, finance minister, said the rise was "almost acceptable", but he feared the economy might overheat and tried to increase interest rates to expand their fixed investment too rapidly.

Speculation about an increase in Japan's discount rate, which has stood at 2.5 per cent since February 23 1987, has intensified because of the unexpected rise of West German interest rates last week. Already, there were concerns about the high level of activity in the economy.

March job statistics yesterday confirmed the tight state of the labour market.

The seasonally adjusted unemployment rate was 2.3 per cent for the fourth consecutive month while the year-on-year rise in the number of people in work was 1.9 per cent or 1.1m people.

The Tokyo consumer price index rose to 104.9 in a 1988 base of 100. Mr Yasuo Kitsumura, director-general of the Government's Economic Planning Agency, said, however, that if the effect of the introduction of VAT was excluded, prices were stable.

Analysts believe the Bank of Japan still wants to raise its discount rate, but will probably have to wait until next month.

# LDP in wrangle over choosing new leader

By Ian Rodger

JAPAN'S scandal-ridden Liberal Democratic Party (LDP) yesterday resumed wrangling over selecting a new leader and prime minister after causing uproar in the Diet (parliament) by using its majority to vote through the 1989 budget.

Mr Noboru Takeshita has said he will resign as prime minister once the budget had been adopted, because of his involvement in the Recruit financial scandal. Mr Masayoshi Ito, a 75-year-old elder statesman and one of the few party leaders untainted by the scandal, has been asked to take over temporarily. Mr Ito has been publicly resisting these calls, alleging ill-health. He suffers from a severe form of diabetes. He has, however, continued to talk with party leaders, and political analysts in Tokyo believe he is negotiating tough terms.

It is thought Mr Ito would like to pass over leadership to a younger Dietman into his

Output up 4.2%

Japan's industrial production index for March posted a 4.2 per cent increase from February to 122.0 according to the Ministry of International Trade and Industry (MITI), writes Michio Nakamoto.

This was the highest month-on-month rise since May 1987 and follows a 1.7 per cent drop in February. The increase in production is attributed by MITI to a need to catch up after a slowdown in February caused in part by the funeral of Emperor Hirohito. Strong exports and last-minute demand for durable goods prior to the start of a new consumption tax in April also supported the firm rise in production.

Creeping state control was said to lurk in the Advisory Committee on Education and Conduct to be set up to advise the Lord Chancellor on lawyers' training and on the principles to be instilled in professional codes of conduct.

Past experience, Lord Mackay said, had shown that there was a need for such a body and that those matters could not be left entirely to the legal profession.

The failure of the Bar and the Law Society to agree on rights of audience for solicitors in the higher courts was an example.

The committee was necessary because the working of the legal profession was not the exclusive concern of the lawyers and the judiciary, Lord Mackay said.

The law, its practitioners and the courts were there to serve the public and were all part of a single entity that must not be neglected.

The role of the committee would be to preserve and improve standards of competence and conduct, he said. Within that framework, the individual professions would make their own decisions.

Lord Mackay promised to consider the 1,200 responses very carefully before finalising any proposals.

# Packaging to beat the poisoner

Christopher Parkes looks at possible measures to protect consumers

WHEN seven people died in Chicago in 1982 after taking poisoned Tylenol painkillers, Johnson & Johnson - the manufacturer - sealed the capsule bottles inside cans.

It refined its approach later, and presented would-be poisoners with three obstacles: the Tylenol capsules were packed in a glass bottle with a heat-sealed membrane under the cap; a plastic sleeve was shrunk over the cap and bottle neck; and the whole was enclosed in a sealed box.

No physical defence is certain, however, against the determined blackmailer. As packaging makers and consultants made plain yesterday, the tamper-proof pack does not exist.

As has been shown in Britain's current crisis over contaminated baby foods, even bottles carefully sealed with pop-up safety buttons in the lids can be opened and resealed well enough to satisfy the non-expert.

Heinz, one of the companies involved, yesterday took further steps to protect itself and its consumers. It brought in a corporate public relations man from its Pittsburgh base and took on 90 extra staff to work plant that will cover food jars with shrink-wrap film.

That will present yet another barrier to the prospective tamperer - and further cost to producer and consumer. However, arguments about how much shippers will be prepared to pay for security are insignificant in the light of present circumstances - there is enough evidence that the



At risk: the tamper-proof package does not exist

extra costs can be readily absorbed.

One concern is to ensure that, in making a pack tamper-resistant in a way that easily shows any interference, the buyer can still open it with relative ease.

Bubble packs were among secure packaging options identified by the US Federal Drug Administration in the wake of the Tylenol affair, but they are difficult to open, as Mr Ray White of Pira, the printing and packaging industries' research association, pointed out.

The FDA's list included many ideas that are now used

widely in the food and drugs industries in the US and elsewhere - shrink seals, sealed tubes that must be punctured by the user, cartons that can't be opened without damage, seals inside bottle caps or metal or plastic bottle caps that break on opening.

New-style containers of all kinds were introduced to prevent a less malicious - but still costly - issue that arose with the introduction of the self-service food store. This was the practice of some shoppers to sample or "graze" display goods.

Ms Sheila Clark, managing

director of the Packaging Innovation consultancy, said tampering usually concerned such shoppers. While they were deterred quite easily, however, the sinister tamperer was not.

Expert consensus has suggested that the most efficient way of protecting products is to follow the Tylenol example and enclose them in additional layers of packaging.

A complex design, similar to those on bank notes, would help to show interference. Nucleus, a packaging design company, has even suggested holograms - now familiar to most cheque guarantee card holders. These might help because damage to them, or their absence, might attract the consumer's attention.

That may, however, not be the case. Dr Hugh Lockhart of the state university in Michigan, told an international conference recently that up to 50 per cent of people tested in a survey were unable to detect tampering in packs they were shown.

He added that consumers were largely unaware of the tamper-resistance statements now mandatory on US drug packs - and were unwilling to take the time to read safety instructions.

More dramatic means were needed to attract people's attention, he suggested. For example, inner packs could be treated to change colour when outer seals were broken to admit air. Supermarket Security might also be improved, he said, by using sound-emitting packs that let off an alarm on interference.

# Anger in aisles as baby food stays on shelf

By Richard Tomkins, Midlands Correspondent

ANGER rather than fear stalked the aisles of at least one Birmingham store yesterday, in response to the scare about baby food.

"If I could get hold of the bloke that's doing this, I'd... well, I can tell you what I'd do to him," said Mrs Marie Massey, a customer at the New Street branch of Boots. "It's disgusting, picking on defenceless babies like that."

Oddly, Mrs Massey's shopping basket was well filled with tins and jars of baby food as she spoke, all of them intended for her 14-month-old son, Daniel. "Normally we'd make his food ourselves, but we're going on holiday to Minorca next week and I'd sooner risk giving him these than letting him eat foreign food," she said.

This was not quite the case of Birmingham chauvinism it appeared. According to Mrs Massey, the last time she went abroad - to Corfu in 1986 - she contracted salmonella poisoning and was in hospital for six months.

Just as significant in her decision, however, was the label on the tins and jars. Spurning the Heinz and Cow & Gate products at the centre of the baby food scare,

she chose only Boots' own-brand products. She was not alone. Boots was doing brisk business in its own-brand baby foods yesterday, because none of them has so far been spiked. As Mr Don Fowler, manager of the New Street branch, observed: "Everybody's buying them."

It was a different picture elsewhere. In supermarket after supermarket, the rows of branded Fruit and Cereal Breakfast, Bone and Beef Broth, Vegetable and Rice Casserole, and Egg Custard with Tapioca remained forlornly on their shelves, a visible testament to the commercial impact of the scare.

At Asda's superstore in Birmingham's Pallasades shopping centre, Ms Sadie Haxton, 18, said she was feeding her three-month-old son Lewis on Milupa powdered products, because they were easier to search for anything untoward.

"I used to buy six jars of Cow & Gate a week, but I won't be buying any more till I know they're safe," she said. "It's just not worth the risk."

At Tesco's Five Ways superstore in Edgbaston, an assistant was going through the entire stock of Heinz and Cow & Gate baby

food every hour to make sure none of the jars had been opened. Nevertheless Ms Sharon Pierce, 23, was also sticking to Milupa for her four-month-old son Davy.

"It's all very well saying you can see what's in the tins and jars, but you can't see out of the tins," she said. "I think they should close the shelves."

At the Safeway store in Harborne, a 10-minute vigil elicited only one approach to the baby food display, from a couple buying a packet of Farley's rusks. On questioning, they turned out to have bought them for their dog.

Indeed, the only person observed yesterday buying a jar of branded baby food was Ms Bea Legay, a 20-year-old vegan, who said she never read newspapers, listened to the radio or watched television.

"Quite honestly, the real scandal is that people feed their children on this muck in the first place," she said, picking up a tin of Heinz Fruity Juice Dessert for her seven-month-old daughter Pearl.

"But I'm involved in a lot of travelling at the moment because we're setting up a co-operative to grow organic vegetables, and sometimes it comes in handy."

# Mackay hits back on law reforms

By Robert Rice

IN A THINLY disguised attack on the Bar and senior members of the judiciary, Lord Mackay, the Lord Chancellor, last night accused some critics of the Government's plans for reform of the legal profession of deliberately failing to see them in context.

Speaking at a conference in Birmingham to mark the end of the three-month consultation period on the green papers, Lord Mackay said: "They are so keen to find some concealed horrors that they are throwing down their own stones in order to look underneath them."

One of the creatures they expected to find there was "a sort of creeping state control." The other was a creature that intended to kill the legal aid system.

In reality, neither existed, he said.

Creeping state control was said to lurk in the Advisory Committee on Education and Conduct to be set up to advise the Lord Chancellor on lawyers' training and on the principles to be instilled in professional codes of conduct.

Past experience, Lord Mackay said, had shown that there was a need for such a body and that those matters could not be left entirely to the legal profession.

The failure of the Bar and the Law Society to agree on rights of audience for solicitors in the higher courts was an example.

The committee was necessary because the working of the legal profession was not the exclusive concern of the lawyers and the judiciary, Lord Mackay said.

The law, its practitioners and the courts were there to serve the public and were all part of a single entity that must not be neglected.

The role of the committee would be to preserve and improve standards of competence and conduct, he said. Within that framework, the individual professions would make their own decisions.

Lord Mackay promised to consider the 1,200 responses very carefully before finalising any proposals.

# Liverpool fans jailed for manslaughter at Heysel

By William Dawkins in Brussels

A BELGIAN judge yesterday found 14 Liverpool football fans guilty of manslaughter at the Heysel football stadium riots at which 39 spectators died in 1985.

Judge Pierre Verlynde acquitted another 10 and has yet to pass judgment on two more, against whom charges are still pending.

He sentenced the guilty to 3 1/2 years in prison, of which 1 1/2 years are to be suspended during a five-year period. They were also forced to forfeit their hall money, pay Bfr 60,000 (£800) each to a national fund for disaster victims, plus a nominal Bfr 1,000 fine.

"The acts the fans committed cannot be tolerated in Belgium," the judge said.

The 550-page judgment, which took Judge Verlynde all day to read, also contained sentences for Mr Albert Roossens, former general secretary of Belgium's football union, and Mr Johan Mahieu, the police captain in charge of security at the stadium.

Mr Verlynde accused the police of "serious negligence" and commented that the football union had known that the British fans were likely to be dangerous.

Mr Roossens received a suspended six-month prison term and a Bfr 300,000 fine. Mr Mahieu was also fined Bfr 300,000 and given a nine-month suspended sentence.

# Lloyds ends US treasury bond deals

By David Lascelles, Banking Editor

LLOYDS BANK has pulled out of the US treasury bond market because of poor returns. About 46 people will be made redundant at its New York-based subsidiary, Lloyds Government Securities Corp.

Lloyds was one of more than 40 dealers in the market recognised by the Federal Reserve Bank of New York.

Yesterday Mr Alan Moore, Lloyds director of corporate banking and treasury, said the business was unlikely to achieve the return on capital that the bank needed.

Lloyds joined the market at the end of 1987. However, the combination of intense competition and tighter capital rules have made life difficult for all participants.

The move completes Lloyds' retreat from securities dealing. In 1987 it closed down its London-based Eurobond business and its gilt-edged dealing subsidiary for similar reasons. Because of that, the closure of the US treasury operation had been widely expected.

# Ronson denies Guinness case allegations

By Raymond Hughes, Law Courts Correspondent

MR GERALD RONSON, chairman of Heron Corporation, appeared briefly at Southwark Crown Court yesterday to plead not guilty to the 11 charges brought against him in the Guinness prosecution.

Six charges are under the Theft Act. Three others accuse Mr Ronson of aiding and abetting Mr Ernest Saunders, former chairman and chief executive of Guinness, in contraventions of the Companies Act. He is also charged with Mr Saunders of conspiracy to defraud and conspiracy to contravene the Prevention of Fraud (Investments) Act.

Mr Saunders and the other five accused all denied the charges on the 65-count indictment on Thursday.

A further preparatory hearing has been fixed for July 7.

# Zeebrugge stress awards

By Robert Rice

DAMAGES totalling £845,000 have been awarded to 10 survivors of the Zeebrugge ferry disaster after the settlement of a test case to determine what levels of compensation should be paid for "psychiatric damage" suffered by victims.

The 10 cases were referred to arbitration under an agreement reached between P&O, owner of the vessel that capsized, and Pannone Napier, the disaster law solicitors co-ordinating the claims of victims of the disaster.

Both sides yesterday said they were pleased with the outcome. The amount of damages that should be awarded for post-traumatic stress disorder and pathological grief and how those damages should be assessed has been the main obstacle to the final settlement of most claims for compensation arising from the disaster.

Mr Roger Mann, of P&O, said the range of awards, from £1,750 to £30,000, was what they expected to pay.

Mr Michael Napier of Pannone Napier said the decision was an important step forward in a grey area of the law.

# Crickhowell attacks Walker

By Michael Cassell, Political Correspondent

MR PETER WALKER, the Welsh Secretary, yesterday came under renewed attack from within his own party over recent claims that he had introduced a new brand of the Tory interventionist policies that had helped the economic regeneration of Wales.

Mr Walker's remarks have featured prominently in the Vale of Glamorgan by-election, where the Tories face defeat in next week's poll, and have caused some embarrassment in the party locally and nationally. Yesterday, Lord Crickhowell, his predecessor, claimed the Welsh Secretary

# Stricken gas plant reopens

By Steven Butler

THE St Fergus gas plant near Peterhead, Scotland, is to resume limited operation at the weekend and is expected to be back to normal operating capacity within two weeks, Shell Exploration and Production, the operator, said yesterday.

The plant was closed on Wednesday after the discovery of cracks in key gas processing equipment, causing a drop of 7 per cent in UK gas supplies.

As a result of the closure, however, British Petroleum yesterday was forced to cut oil production at the Magnus field by 79,000 barrels a day to comply with Energy Department limits on flaring gas. Unlike other fields affected by the closure, Magnus has no facilities to reinject into the reservoir gas which is produced along with the oil.

The Government yesterday set a daily limit of 30m cu ft for gas flaring. Fearing that into operation would restrict production at the field to 60,000 barrels a day.

Shell yesterday had no further word on when the Cormoran Alpha platform, which suffered a gas explosion last week, would be back in operation.

# Ex-Next chief forms link with Asda group

By Christopher Parkes, Consumer Industries Editor

MR GEORGE DAVIES, the deposed head of the Next retail chain, is to rejoin the rag trade through a novel arrangement with the Asda superstore group.

The man credited with revolutionising fashion retailing in classy high street shops is to test his magic touch selling clothes and shoes alongside racks of baked beans in giant out-of-town stores.

Asda is to take a 20 per cent share in the George Davies Partnership, a new venture formed by Mr Davies and his wife Liz, which will take over responsibility for the design, buying and merchandising of Asda's clothing and footwear ranges.

In return, the partnership will be paid 25 per cent of any profits it generates from these businesses over and above the returns currently projected in Asda's business plans.

Mr John Hardman, Asda chairman, said sales of clothes and shoes contributed about £160m in sales to the group's annual turnover of £2.3bn. "These lines occupy about 11 per cent of the group's 4.6m sq ft of selling space," he said.

The first fruits of the venture will appear in February when the partnership's new concept for out-of-town super-market clothing sales will be launched in 35 of Asda's 120 stores.

Mr Davies said Asda had a strong niche in out-of-town

clothes retailing which could be developed much more quickly by entrusting it to specialist control.

People were turning away from the high street, he said, and the traditional department stores were no longer doing their job in the fashion trade. Mr Davies showed himself to be a shrewd tactician in the marketing of high fashion clothes and accessories to the elitist "life-style" socio-demographic before he was ousted from Next in December.

He was undaunted yesterday by the prospect of tackling the wide range of tastes, incomes and attitudes in a business which sprawls from Aberdeen to St Austell in Cornwall.

The first 35 stores to receive the Davies treatment would cover much of the country, including Liverpool, parts of the south and Yorkshire with comparable demographic patterns, he said.

Mr Hardman, a Liverpoolian like Mr Davies, said his partner had preferred the partnership arrangement to becoming an employee of Asda. "He values his independence," he said.

The initial agreement, which involved Asda in only a nominal payment for its shareholding, will run for five years.

The George Davies Partnership may also be available to lend its expertise elsewhere. "The arrangement is not absolutely exclusive," Mr Hardman said.

# Conflict over plan for accounting rules

By Richard Waters

THE ACCOUNTANCY profession and the Government yesterday came into conflict over creation of a system to set accounting rules. Proposals by the Dearing Committee, chaired by Sir Ronald Dearing, appear to be in danger.

The crisis was provoked by a letter to the Consultative Committee of Accountancy Bodies, which represents the six leading accountancy bodies, from Mr Francis Mande, Minister of Corporate Affairs, detailing the system's operation.

The Dearing plan sees the Government taking far less responsibility than the accountants had hoped, leaving largely up to the profession to promote and fund the new system.

The committee replied: "The decision we might be forced to make is that the system we have at the moment is better."

Without accountants' support the Dearing plan will almost certainly lapse, leaving the existing, discredited standards system in place.

The dispute has arisen because the Government is not prepared to pay for the system, as "the taxpayer should not be expected to contribute in respect of the private sector." Users, preparers and auditors of accounts should foot the bill.

The Government is prepared to put up less than £1m, through a £1 levy on all companies. The rest of the £3m to £4m cost would have to be found from other sources.

The government plans a review panel to ensure compliance with standards. The panel would be empowered to take companies to court on accounting practices.

The accountants say only the Trade Department should be able to do that.

The CCAB also wants the Government to take more responsibility for appointing members of the Financial Reporting Council which will oversee the system's operation.

Full details of the Government's plans will be revealed when amendments are tabled to the Companies Bill this month.

# Move suggested to extend jurisdiction over fraud

By Robert Rice

A DRAFT bill to reform the rules governing the jurisdiction of the UK courts over offences of international fraud and dishonesty has been put forward to the Government by the Law Commission.

The Government's law reform body says changes to the jurisdictional rules which date back to the last century are urgently needed in the age of computers and modern methods of communication and transfer of money across national boundaries. Under the present law, UK courts can try a completed offence of fraud or dishonesty only if the last event necessary for its completion took place in Britain.

The draft bill identifies 15 offences where the commission believes that the present jurisdictional rules should no longer apply. The bill would give the UK courts the power to try all such offences if any of the acts that make up the completed offence took place in Britain.

The original list of offences proposed by the commission was limited to the principal

offences of theft and obtaining by deception, false accounting and blackmail and offences of forgery. It later added three specific offences to the list: false accounting by company directors; dishonestly procuring by deception the execution of a valuable security; and handling stolen goods.

It has rejected suggestions to include offences of insider dealing, misleading statements in connection with investment business, fraudulent inducements to make a deposit, fraudulent trading and cheating the public revenue, on the grounds either that the offences are unlikely to raise jurisdictional issues or because they are covered by the broader concepts of offences of dishonesty.

The bill is also designed to catch those who plan frauds in one country and carry them out in another. At present those who hatch their plots in the UK to defraud elsewhere cannot be tried in UK courts.

*Jurisdiction Over Offences of Fraud and Dishonesty with a Foreign Element. Law Com No 180. HMSO. £6.60.*



UK NEWS

# Ashdown's island stronghold under threat

Ivor Owen on the prospects for a 'jewel in the SLD crown' in the council elections

FOR Mr Paddy Ashdown, leader of the Social and Liberal Democrats, the Isle of Wight has a political significance approaching that which Generalissimo Chiang Kai-Shek used to attach to Taiwan when he fantasised about using it as a springboard for mainland incursions.

According to his critics, Mr Ashdown is afflicted by similar delusions, with his claims that the SLD for the Democrats, as he prefers the party to be known) is on course to replace Labour as the only realistic alternative to the Conservative Party.

Mr Ashdown believes that votes cast in local government elections are more reliable than public opinion polls when it comes to checking the nation's political pulse.

The Isle of Wight, close to the coast of Conservative Hampshire, is the only county authority in England and Wales controlled by his followers, and the importance of its role as a pace setter is in inverse proportion to the size of its 99,000 electorate.

In the past the island, a magnet for holiday makers, has provided a favourite home for Queen Victoria, a prison for King Charles I, and, in political terms, now constitutes a jewel in Mr Ashdown's crown.

However, the bauble might well lose some of its shine on Thursday, the day when the overall majority of 11 he chipped or more seriously blemished by the determined challenge being mounted by

the Conservatives in the island's 43 wards.

Mr Ashdown already knows that, along with many of his Parliamentary colleagues, his followers on the island have yet to be convinced that they can fight successfully under the SLD or Democrat label.

They do not regard it as an acceptable price to pay for retaining the link with the former members of the Social Democratic Party who turned their backs on Dr David Owen and agreed to merge with the Liberals when the Lib-SDP alliance sundered.

Mr Morris Barton, the leader of the Isle of Wight county council, persists in calling it a "Liberal authority, and with his colleagues is entering Thursday's contest under a "LIBERAL Democrat" banner.

To judge by outward appearances, the imminence and significance of the election has hit the impression of the majority of islanders, whose relaxed attitude to politics seems to be shared to a surprising degree by Mr Barton. With polling day just over a week away he was still holding his own.

Time will tell whether it was a display of coolness under fire or foolhardiness by the council leader, who has switched from a ward in Newport, the island's administrative centre, which he represents for many years, to a seat in Cowes, where he now lives.

In the eyes of his political rivals - apart from Conservatives, there are Labour, two



Paddy Ashdown: a belief in local indicators

Green Party candidates and independents (but none of Dr Owen's Social Democrats) - he is a politician on the run.

During the eight years they have been in control, the Liberals have repeatedly urged the Government to recognise that the island has a number of special features - notably an unemployment rate well in excess of the national average - not common to much of the prosperous south-east region of which it is part.

There is cross-party agreement that unemployment might not if Plessey's radar establishment at Cowes comes under threat as a result of the takeover bid launched by the General Electric Company of the UK and Siemens of West

Germany.

Plessey provides some 10,000 jobs, both directly and indirectly, and the closure of the radar establishment would also have serious implications for the island's other leading private sector employer, Westland's aerospace division.

The Conservatives are led by Mrs Angela Clarke, who recalls with pride that her response to complaints by Liberal councillors that the Government had ignored the island's claim for special treatment was a Thatcherite injunction to "stop whining."

She maintains that the council's finances have been mismanaged by the "left-wing" Liberals, while another prominent Conservative councillor has called for an end to the "confrontation policies of the last eight years."

Irrespective of such charges, there seems little doubt that the Liberal tide, which began its surge when Mr Stephen (now Lord) Ross captured the Isle of Wight Parliamentary constituency from the Conservatives in 1974, has been on the ebb.

Two years ago the Conservatives regained control of the Medina district council from the Liberals, and when Lord Ross did not seek re-election, recaptured the parliamentary seat as well.

Anecdotal evidence suggests that at one stage, some in the Liberal hierarchy became so nervous that unofficial and informal approaches were made with the aim of securing

participation by Labour and the Greens in a rainbow coalition to prevent the Conservatives recapturing the county council as well.

National issues which so often sway local government elections, and which have caused the slump in the Government's popularity, have helped to improve morale since then.

The Conservative camp is clearly aware that the deep disquiet over the Government's proposals for privatising the water industry has been intensified on the island by the introduction of water meters for domestic consumers - part of a pilot project which could lead to their national use.

Alarmist reports are circulating about the higher charges likely to result from metering, even though no bills are yet available to provide firm evidence.

Labour, not represented on the Council for the best part of a decade, and the Greens might prove to be the jokers in the pack. Between them they could offer domestic consumers - part of the target for the Conservatives to win the nine extra seats (they currently hold 13, the Liberals 27 and independents three) required for an overall majority.

A hung or balanced council looks more likely, but whatever the outcome, Mr Ashdown could well find that the next attempt to persuade his party's annual Assembly to give more prominence to its LIBERAL connection is promoted from the Isle of Wight.

## Shell plans car service centre chain

By John Griffiths

SHELL OILS, a UK subsidiary of the petroleum multinational, has begun enrolling what it hopes will be hundreds of small, independent garages into a national chain of service centres.

The aim - apart from helping Shell to increase its estimated 12-14 per cent share of the retail oils market - is to give some of the UK's 22,000 independent garages marketing and other support to increase their chances of survival.

A number of research reports have indicated that more than half of existing, non-franchised garages are likely to disappear over the next 10 years as cars become more complex, the need for frequent servicing declines and a bigger share of the servicing market is either retained by franchised garages or captured by large service chains.

Shell's aim is to help as many independents as possible to stave off the decline, not least by helping them to present the appearance of a national chain under the Comi Service Centre name and logo, backed by marketing support.

To that extent, according to Mr Tim Green, Shell Oils' retail markets manager, the scheme bears some similarities to the national network of independent grocery stores united under the Spar name.

The company has been presenting the scheme to many of the independents via a "road show" which has been in the south of England in the past week. "We've met about 1,000 so far and the initial response has been very positive," Mr Green said. He added that Shell intended to spend "several million" on the scheme.

The basic package, offered in return for five-year agreements for the independents to buy most but not all of their oils from Shell, covers marketing support, inventory for the premises and advice.

The underlying aim is to project a uniform "quality" image not easily achieved by non-franchised garages, according to Shell. Guaranteed service standards form part of the agreement, with formal mechanisms for processing complaints and rectification.

## Kinnock attempts to undermine Thatcher's 10th anniversary

By Michael Cassell and Charles Leadbeater

MR NEIL KINNOCK, the Labour leader, yesterday renewed his attack on the Government's record to try to undermine the impending tenth anniversary of Mrs Thatcher's premiership.

Addressing the annual conference of the Welsh TUC, Mr Kinnock accused Mrs Thatcher of building a "second-rank" Britain, ill prepared for the challenges ahead.

The Labour leader also attended a by-election rally in the Vale of Glamorgan last night.

He told the union delegates that a decade after Mrs Thatcher won power, the unemployment level was twice that of 1979, the country's share of world trade had fallen 20 per cent, 170,000 companies had gone into liquidation and the burden of personal taxation was the heaviest ever imposed.

He claimed the Government had no excuse for an inflation

rate touching 8 per cent and a balance-of-payments deficit likely to reach £18bn this year. The entire nation was being punished "for believing the myth of the Thatcher miracle and re-electing the myth-makers."

Mr Kinnock accused the Government of permitting crucial investment in the country's infrastructure and education system to drop when the nation had received \$65bn in oil revenues.

He also launched a wide-ranging attack on the Government's approach to the single European market, attacking Mrs Thatcher for "whipping through" the Single European Act and then stepping back from its consequences.

Mr Jack Cunningham, shadow Environment Secretary, also accused Mrs Thatcher last night of presiding over an increasingly divided, debt-ridden, and crime-ridden community.

Mr Kinnock said that Mrs Thatcher's reluctance to operate that which she legislated is looking like a conspiracy for sovereignty and more like perfidy - dodginess - treachery - as the dictionary defines it.

He accused Mrs Thatcher of confusing sovereignty with confounding.

In outlining the principles Labour would adopt for Britain's role within the European integration programme, he said individual governments had to accept constraints on their sovereignty and draw up common rules to regulate multinational companies, international financial markets and social provisions in EC member states.

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## Backbench bills stand good chance

By Tom Lynch

BACKBENCH BILLS to curb illegal waste disposal and to tighten regulation of private-sector hearing-aid companies completed their Commons stages yesterday and stand a good chance of becoming law.

The Control of Pollution (Amendment) Bill, sponsored by Mrs Joan Ruddock, Labour MP for Depton, sets up a registration scheme for commercial carriers of controlled waste, including builders' rubble. It has powers to impound vehicles found fly-tipping if owners cannot be traced.

The Hearing Aid Council (Amendment) Bill, sponsored by Mr Jean Wynn Jones, Plaid Cymru MP for Ynys Mon, increases consumer representation on the council, set up in 1968 to regulate the industry, and strengthens its disciplinary powers.

The bills, which have strong cross-party support, now go to the House of Lords.

## Speeding up action on pollution

John Hunt reports on the international maritime conference accord

AFTER TWO WEEKS of hard bargaining at an international Maritime Organisation conference in London, representatives of 66 countries reached agreement yesterday on improved procedures for dealing with environmental disasters at sea.

The IMO meeting has gone a long way to solving that by rewriting the Brussels Convention on Salvage, it has drawn up a formula to guarantee the salvage company payment for preventing environmental pollution at sea, even when a vessel such as a giant oil tanker has sometimes been delayed while the shipowner and the salvage company argued about the price to be paid for the operation.

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The main concern is the growing danger of oil slicks from tanker accidents, although the agreement will also apply to other hazardous cargoes such as toxic waste.

Valdez catastrophe, which resulted in the biggest oil slick ever known in American waters and the pollution of a large stretch of the Alaskan coastline.

Even more pertinent was the disaster in 1978 when the tanker Amoco Adria ran aground off Brittany, releasing 220,000 tons of crude oil on France's northern beaches. The public inquiry disclosed that vital hours were wasted while the master of the tanker and the tug captain argued over the terms of a salvage contract.

The Brussels Convention dates back to 1910, when the oil industry was in its infancy and small vessels transported oil in barrels. Its main principle is "no cure, no pay."

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## CBI seeks to encourage personal shareholders

By Hazel Duffy

WAYS OF encouraging more personal and employee shareholders are to be investigated by a Confederation of British Industry task force.

The agreement of the next CBI council meeting on May 17, reflects the efforts by the employers' organisation to improve relations between the City and business.

It is believed that individual shareholders are more likely to take a longer-term view of their companies than shareholders taking their cue from the City, which is inclined towards short-term gains.

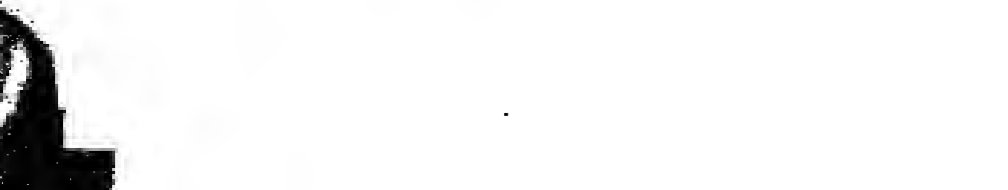
Mr Brian Corby, chief executive of Prudential Corporation, will be involved with the task force, to be set up over the next year. He was recently elected deputy president of the

CBI and is expected to become president next year, the first from the financial world.

The CBI council will also be asked to endorse the proposal from Mr John Banham, director general, that all takeover bids by companies that are themselves considered bid-proof should be referred automatically to the Monopolies and Mergers Commission.

In an attempt to promote better understanding between the City and business, the CBI yesterday published a guide explaining what quoted companies needed to do to communicate effectively with shareholders and key City audiences.

Improving Investor Relations: CBI publications, Centre Point, 108 New Oxford Street, London WC1A 1DU. £5 to CBI members, £10 to non-members.



EMPLOYMENT

# Leaders of bus workers in London reject 7% offer

By John Gapper, Labour Correspondent

THE prospect of widespread disruption in public transport in London increased yesterday when leaders of bus workers rejected a 7 per cent pay offer. They are now likely to ballot 13,000 workers on selective strike action.

The ballot result would probably be known on May 6, the day that a proposed indefinite strike of London Underground workers over changes to working practices is due to start. Talks on that dispute are due on Tuesday.

London Regional Transport said yesterday that it was willing to talk further to the TGWU transport union, which represents bus platform staff in London. It implied that it would consider improving the revised offer.

The prospect of fresh industrial action over pay comes amid a series of disputes in various industries this month. The rise in earnings and inflation has prompted workers to seek higher settlements.

There has been sporadic industrial action on London buses over attacks on bus workers, but the last big industrial dispute was over the tendering of routes, and changes to pay and conditions, in 1987.

Representatives of London bus garages are to meet on Tuesday to consider balloting on industrial action. TGWU officials said it was almost certain that they would opt for a ballot on a series of 24-hour strikes.

On Thursday next week, leaders of engineering workers are to meet to discuss industrial action in support of a claim for reduced working

hours and pay increases matching the rate of inflation. London Regional Transport would discuss details of its pay offer to bus staff, but said it would increase overall earnings by about 7 per cent. Bus conductors earn about £186 a week, and driver/operators £220.

Although the two disputes at LRT are not linked, there have been local disputes on buses and trains over the past year. There have been two unofficial 24-hour strikes by tube drivers and guards in the past few weeks.

The bus pay offer covers platform staff except for those on four tendered route networks where staff pay and conditions have been varied by LRT.

That change was the subject of the 1987 dispute.

## Baker raises targets for teacher numbers

By David Thomas, Education Correspondent

THE Government has bowed to fears of severe teacher shortages by announcing an increase of almost a tenth in teacher training provision in 1990.

It is also earmarking 450 places for novel training schemes for mature entrants to the profession who would prefer to train part-time or to take a shortened degree.

The expected demographic decline in the number of 18-year-olds and the demands of the new national curriculum have recently led to widespread predictions of severe teacher shortages in the early 1990s.

Mr Kenneth Baker, Education Secretary, yesterday announced a target of 23,172 new places for trainee teachers in England and Wales in 1990-91, 9.5 per cent above the 1989 target.

The target 1990 intake of trainee primary teachers has been set at 12,250, a 10.2 per cent increase.

There are also sharp increases in the target intake for trainee secondary teachers of languages (up 24 per cent), science (up 15 per cent) and music (up 60 per cent).

These increases include 450 places earmarked for mature entrants on new training schemes for secondary teachers of modern languages, chemistry and music.

Mature entrants with relevant experience, including some higher education experience, will be able to take a B.Ed degree, normally a four-year course, in two years. Alternatively, they will be able to take a part-time post-graduate certificate of education while working in their old jobs.

Mr Baker said: "This expansion takes full account of the likely demand for new teachers in the 1990s."

The Government has already announced plans to allow mature entrants to the teaching profession to train on-the-job in classrooms.

## Unions 'must look ahead'

By Charles Leadbeater, Labour Editor

MR JOHN MONKS, deputy general secretary of the TUC, yesterday called on unions to swim with the tide of employee relations development in the 1990s, rather than sigh for a past which "looks better with hindsight than it did at the time."

Mr Monks said the union movement's future depended on developing more strategic approaches to collective bargaining and more sophisticated membership services, rather than on a reliance on the Government's union legislation or on moves to strengthen workers' rights in the EC.

Mr Monks told the Wales TUC annual conference in Swansea: "We look forward to working with a Labour government based by Neil Kinnock. But the events of the past 10 years cannot be rolled back overnight. Necessary though legal changes are to help individuals, no laws will right all the wrongs."

The unions' own efforts to improve their performance rather than new labour laws would be the foundation for the movement's future strength.

"We have to sell the unions. People are sophisticated consumers. They expect a cracking good service. And that is what we must give to make the breakthrough in recruitment," Mr Monks said.

Union negotiators would have to press for improved training and better child care provisions for women workers in the light of looming shortages of young workers.

Mr Monks said this would happen only with a lessening of inter-union competition over single union deals, and with new services, such as cut-price credit cards.

He also signalled the TUC's determination to encourage unions to introduce simpler collective bargaining procedures, something employers in manufacturing are increasingly seeking.

It is thought that Associated British Ports, the biggest employer, would be one of the first to contest the issue.

"It is doubtful whether a trade dispute exists with all our employers," Mr Flay said. "Individual employers are making it clear that local discussions will be necessary and welcome."

However, Mr Bill Morris, TGWU deputy general secretary, said that he had written to more than 40 of the registered port employers setting a deadline of noon yesterday for employers to agree to talks on a national agreement to replace the statutory scheme.

He said he had more than 30 responses, all of which either ignored or rejected his request. "Hence our decision to send the ballot papers out," Mr Morris said, after legal consultations, the union was "absolutely satisfied that it is a trade dispute," and the union would strongly resist any challenge to that status in the courts.

The employers' letter was "a last desperate attempt by an organisation that has lost all the arguments," he said. Mr Morris was confident of an overwhelming vote to hold a strike.

## Training cash bid in Birmingham

By Fiona Thompson

EMPLOYERS in Birmingham yesterday submitted their application for funding to establish a Training and Enterprise Council in the city.

The Government wants to establish 100 of the employer-led bodies throughout the country in the next four years and Birmingham hopes to be among the first. It will a turnover of £50m, it would certainly be one of the largest.

In its application document, the Birmingham employers say the overriding priority was to persuade individual employers in the area to invest more money in training employees. That was a necessity, rather than an altruistic gesture. They explain that Birmingham's economic growth over the next decade is more likely to depend more on the availability of trained workers than on any other single factor.

The interim chairman of the Birmingham TEC is Mr Ray Way, chairman of Birmingham & Handsworth Deacons. There are four other company directors on the board and a representative from the city council. A consultative group which will meet the board every six months will include representatives from unions, community groups, local authorities, training providers and employers' organisations.

The Government yesterday launched a £450,000 pilot scheme to deliver training

courses via the European Space Agency's new communications satellite Olympus due to be launched into orbit in June.

The scheme, which is funded by the Training Agency, will deliver 60 hours of broadcast training programmes in information technology for engineers and in business studies. They will be supplemented by open learning material.

The courses will be live and will allow up to 1,000 participants to respond to the presenter at the Polytechnic South West, in Plymouth. Mr John Cope, Minister of State for Employment, said it was important to use technology to extend training.

## Construction funds change is criticised

By Our Labour Staff

PROPOSED changes in funding for the Government's Youth Training Scheme in the construction industry have been criticised by unions and employers for putting at risk the number of apprenticeships.

The criticism comes amid uncertainty about the future of the Construction Industry Training Board, which has proposed the changes to save £30m now raised from a national levy of employers.

The board is among the national training bodies which face uncertainty because of the Government's attempt to devolve responsibility to local Training and Enterprise Councils led by employers.

Leaders of construction unions and employers have written to the CITB to question its proposal that the wages of YTS construction trainees should be paid from the start of their courses directly by employers.

Construction employers do not now have to pay anything in the first year for YTS trainees, or employ them directly. That rule has been used by employers to establish a pool from which the best trainees can be picked.

The CITB has suggested that it should pay about £20 a week in grants for each YTS trainee, which the Building and Allied Trade Joint Industrial Council

has estimated will leave employers to pay £30 plus other costs.

Mr Bill Hilton, employers' side secretary, said the increase in costs would be a serious disincentive. After speaking to several employers, he thought there would be a big effect on YTS intakes.

Leaders of construction unions have rejected a pay offer of 5.1 per cent to 600,000 workers from the employers' side of the Building and Allied Engineering Joint Board. Mr Albert Williams, Unat general secretary, said the offer was "totally unacceptable" when earnings in other industries were rising at about 9 per cent.



# Our aim is to be the world's leading chemical company.

*Extracts from ICI Chairman Denys Henderson's address to the Annual General Meeting of Imperial Chemical Industries PLC on 28th April 1989.*

There are three themes which I want to pursue this morning. First, the continuing success of ICI as exemplified by the 1988 results; second, ICI as a company that will not rest on that success but will continue actively building for consistent, profitable growth as it pursues its aim to be the world's leading chemical company. And third, ICI and its responsibility to the community.

## Hallmarks of success

First, last year's results. In 1988 every important financial indicator showed that we did better in comparison with 1987. Sales volume was up 7%, profits increased by 12% and earnings per share improved by 14%. Interest cover was very strong and gearing was at a prudent level. These are the hallmarks of a successful business on an extremely sound financial base, which has doubled its profits, earnings and dividends over the last five years and is poised to enter the 90's confidently and in robust shape.

1988 was indeed a very good year and when taken with 1987 shows that we have lifted well clear of the one billion pound profit plateau which we reached in 1984. In broad terms all three segments of the business continued to grow strongly, although very good local performances in some of the Consumer and Specialty Products were obscured by the relative strength of sterling. Industrial Products had an outstandingly good year with a 28% increase in profits and in Agriculture there was also a much better result, brought about by the excellent performance of Agrochemicals. So far this year the demand for our products has been strong and, as you will have seen from the First Quarter results announced yesterday, we have made an excellent start to the year. I do feel, however, that measures taken internationally to curb inflation will inevitably slow down economic growth somewhat in the future.

Against our achievements of the last five years and our belief that the re-shaped ICI should be much more resilient to economic cycles the Board feels fully justified in recommending a substantial 22% increase in the dividend.

## Building for the future

Let me turn now to ICI as a company that is not only successful today but one that is actively building for continued success in the 1990's and beyond. We are not simply in the business of earning short term profits, important though that is. We are in the business of building for the future to ensure that we have a lasting, growing, world class enterprise. This is why we invest heavily in research and development and why we pursue consistent, long term global strategies for our businesses. We are spending over £1.5 million per day on our research and technology which is of critical importance to ICI's future prosperity. Innovation is our lifeblood. Without it no international chemical company can hope to survive, let alone aspire to grow in the years ahead.

## Positioned for growth

We have positioned ICI's businesses in the major growth markets, with well diversified and predominantly high technology products in our portfolio. We have strengthened our position in North America and are accelerating our expansion in the Far East, where the business environment is different and not without risk, but where growth potential is very considerable. For example, in 1988 in Japan we purchased an industrial site of 18 hectares at Tamatsukuri, approved a 'Melinex' polyester film plant to be built on that site and obtained a listing on the Tokyo Stock Exchange.

In addition, we are broadening our operations in Taiwan and South Korea.

It is this kind of long term strategic thinking that now finds us so well positioned for 1992 in Europe. The work began as long ago as 1960 when we had no Continental manufacturing facilities, and just 750 European employees. Today we sell more in Continental Europe than we do in the UK. There are 16,000 people employed in Continental Europe and 50 manufacturing sites serving 25,000 Continental customers. With the integration of the European market in 1992, we will be developing and expanding our organisation to meet the needs and challenges of that market. We are well placed to do so because for us this will represent one further step in a continuous strategic process.

## Strengthening the business

If we look back over the last five years, we see that every one of our three business segments has been strengthened considerably. Our Industrial Products businesses have been strengthened by the

of Stauffer Agrochemicals in 1987, we are now number two in the world league and profits have more than doubled over the last five years.

Some of these good results have, of course, been helped by favourable economic conditions but in the main they are the result of determined management action matched by a superb response from our own employees to the challenges which change always brings with it. It is one thing to have the necessary vision that change is required. It is quite another to achieve it. Our results since 1983 show that ICI's track record is one of both perceiving the need for change and, even more importantly, making it happen.

## ICI and the community

That brings me to my third theme - ICI and the community.

There are two aspects which I wish to emphasise. Firstly, our firm belief that the chemical industry is a major force for improvement in the quality of life across the world. This contribution goes largely unobserved, but without the chemical industry there would be more sickness, less attractive clothing, less satisfactory housing, heavier, less fuel-efficient transportation and much more expensive, less freely available food.

Secondly, there is our commitment to operate safely and in harmony with the global environment to which we are devoting significant resources. Of course, we know we are not always perfect; there are areas in which we need to improve our performance and we are working on them. The public expects us to have high standards, and always to strive to do better. We accept that situation unhesitatingly. The way in which we run our operations is every bit as important as our obligation to create wealth and well-being for our shareholders, our employees, our customers and the communities which we serve.

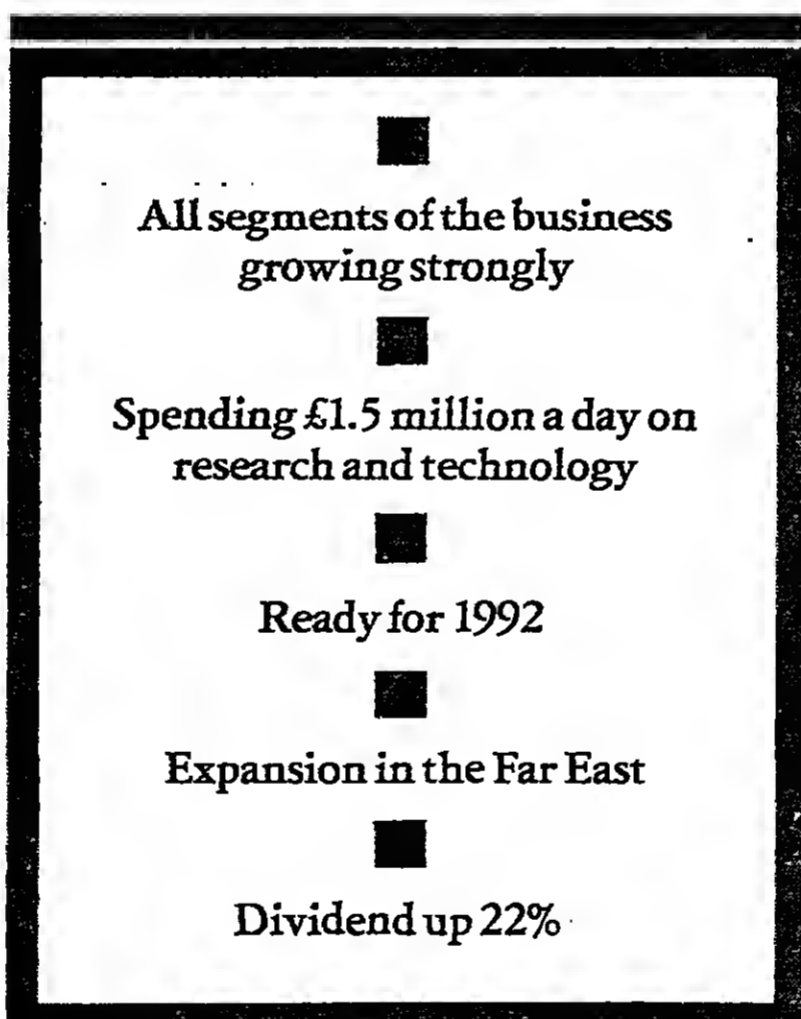
Thus I very much regret the explosion at Peterborough which resulted in loss of life and severe damage to property. The cause is being thoroughly investigated. We are much saddened by the incident and our sympathy goes to all those who suffered; and our gratitude to the emergency services. I also pay tribute to our employees directly involved who behaved admirably in difficult circumstances.

I also believe that we must go for complete elimination of CFCs, not just their reduction. That is why I recently accepted an invitation to address the Prime Minister's Conference on "Saving the Ozone Layer", and why I was determined to give a positive and unambiguous lead on behalf of ICI. At the same time it has to be recognised that CFCs are not yet replaceable in some very important applications but we are urgently seeking to produce alternative products. To that end we are spending £100 million in a programme of research and development and hope to build plants to produce alternative products, although there is still a considerable way to go before we can be sure of success in this difficult area of technology.

ICI takes its responsibilities to the community very seriously. We will do everything within our power to ensure that we operate as safely as possible and will continue to invest significant sums to protect our environment.

## Our worldwide team

Ever since ICI was created we have sought to attract, train and motivate the very best of people. Our international strength is founded on the dedication of our employees. It is a privilege for me to lead such a team and it is equally a privilege to present the results which we have achieved worldwide in 1988.



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## FINANCIAL TIMES

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Saturday April 29 1989

## The changing agenda

THE SINGLE most important political achievement of the Conservative Party under the leadership of Mrs Margaret Thatcher may be that it set a new agenda. The question is whether circumstances are dictating a change. Next Thursday Mrs Thatcher will celebrate the 10th anniversary of her arrival in office as Prime Minister. The Tories have won most of the arguments during that eventful decade - and possibly for longer, if you include the last, crumbling years of the Labour Government of 1974-79. What is now open to question is whether the nostrums that arose during the chaotic 1970s and have served so well during the 1980s, are relevant to the 1990s.

The present state of public opinion on this matter will be measured to some degree by the forthcoming local elections in England and Wales and the parliamentary by-election in the Vale of Glamorgan. These contests take place next Thursday. It is likely that on the following morning their results will be closely analysed to see whether the voters are turning away from the menu of tight public expenditure control, more competition and more privatisation.

Opinion polls published this week suggest that the Labour Party may do well - for two principal reasons. First, the high rates of interest and inflation are a continuing source of worry to most voters. Second, the Government's recent white paper on the National Health Service has led to widespread disquiet, particularly in the Vale of Glamorgan. The doctors' campaign against the proposals appears to be having some effect. The Government's argument with the medical profession may well be settled before the year is out; this factor can, therefore, be excluded from long-run calculations about the British political climate. What is difficult to include, because it is still half-formed, is the effect of the Labour Party's reconstruction of its organisation and policy stance.

## Some equilibrium

Another complicating factor is the medium-term economic outlook, which remains clouded. This week's trade figures have offered some encouragement to the markets, while several other indicators, notably the terms in house prices, and the fact that both the gradual return to some sort of equilibrium following the overheating exacerbated by the 1988 Budget. It is, however, too soon to say whether this adds up to the hoped-for "soft-landing".

All these considerations are

of an immediate, short-term nature. What is harder to discern is the long-term trend in British political thinking. Three agenda items are in a process of rapid change. They are: public expenditure control, the environment, and Europe.

The Government's tight grip on public spending constitutes a major success of the Thatcher years. It has, however, resulted in the build-up of a large fiscal surplus. What is now being asked is whether that grip should be very slightly relaxed, in order to meet the demand for greater expenditure on education, training, public transport and roads, environmental enhancements, and assistance to the poor.

## Wasteful spending

The Treasury view is that more is being spent on virtually all these desirable ends, mainly out of funds released by the fall in unemployment and the sale of assets. To go further would be to risk a deluge of wasteful spending. It would be inflationary to return the surplus in further tax cuts, so the best place for the money is in the redemption of the national debt. This view is under increasing challenge.

The Prime Minister herself has taken the lead in fostering a national debate on the environment. She is right to do so. The difficulty for her Government, however, lies in the contradictions between environmentalism and the free market. The free market would allow as much land as possible to be used for building. Conservative voters in the south east want the land around their villages to be kept as green as possible. The market is not conscious of the noxious emissions of industry; only regulation, tax incentives, subsidies, or control could ensure that the playing field is kept level.

It is also Mrs Thatcher's ambition to set the agenda for European politics, but Britain's fellow-members of the EC may now be turning the tables on her and finding a fault line in British politics. It has always been there: Britain remains divided, as ever it was, between reluctant and enthusiastic Europeans. There is no great love on the Tory backbenches for the quasi-federal dreams of Mr Delors, yet most Conservatives know in their hearts that sooner or later Britain will be pulled into a form of continental unity. The Cabinet debate on membership of the European Monetary System is once again becoming heated; when that is behind us, the further steps outlined by Mr Delors will have to be faced.

## Peter Riddell assesses US President George Bush's first 100 days in office

These are unheroic days in Washington - a time for small steps rather than big leaps, for bipartisan co-operation rather than partisan confrontation, for consensus rather than ideology, for deal-makers rather than dreamers.

President George Bush this morning celebrates the traditional first milestone of 100 days in office faced by a barrage of assessments welcoming his style in office but sceptical about the substance of his record. A caretaker president, passive, putting off problems and lacking a coherent agenda have been common criticisms.

The Bush presidency is, however, different from those of the activist predecessors such as Roosevelt, Kennedy and even the 1981 Reagan, who set such a store by the 100 days landmark as a sign of their dynamic start in office.

Neither by temperament, conciliatory and not by circumstance - the need to share power with a Democrat-controlled Congress - is Mr Bush such a dominant leader.

By temperament, Mr Bush is not someone who sets the agenda, or seizes the initiative. He likes being friendly with politicians and press alike - to "schmooze", as it has become known in Washington. He wants to be liked, to work by consent and compromise. Senator Bob Dole, the Republican Minority leader in the Senate and Bush's old political rival, has noted that, while politicians feared President Reagan ("you know that this guy had a hard core and, if you didn't try to support him, you were going to be in trouble"), they are not afraid of his successor.

By circumstance, Mr Bush is also limited by having served for the past eight years as vice president. However much Mr Bush, and his aides, at times distance themselves from the past, there are ties not only of loyalty - as in a mutually-congratulatory meeting with Mr Reagan in California on Wednesday - but also of belief. Mr Bush thinks the US is well placed - with seven years of growth and low unemployment - and there is no need for a radical shift. He does not see the country in the severe short-term crisis which Presidents Carter and Reagan believed they faced in 1977 and 1981.

Comparing himself with Martin Van Buren, the last sitting vice president to be elected president, in 1836, Mr Bush said, "we didn't come in here throwing the rascals out, to correct all the ills of the world in 100 days." (He confessed not knowing that Van Buren's first 100 days were marked by food riots and bank closures.) During a speech to this week Mr Bush self-consciously protested that he did not "feel compelled or pressed to reach out for something dramatic" just because of the occasional press column.

As politically important have been the constraints resulting from the tone and the result of last year's election. Not only did Mr Bush himself offer few new ideas, but the Democrats - returned with increased majorities in both the Senate and the House of Representatives - have felt able to challenge the President's proposals



Reaffirming ties of loyalty and belief: President George Bush and former President Ronald Reagan this week.

## The age of consent and compromise

and to offer their own.

Mr Bush has followed his natural inclination to co-operate and compromise by seeking deals with Congress from the start. So, instead of the Imperial Presidency of the 1980s and early 1970s, for a time revived by Ronald Reagan, there has been coalition government, where the executive works closely with the legislature.

The most striking example has been the agreement which Mr James Baker, the Secretary of State, reached in March with Congress over Central American policy. This has reversed the Reagan approach by ending military support for the Contras in Nicaragua and providing non-military support until next February, subject to review and veto by Congress in November. The deal is meant not only to open up the scope for negotiations in the region but also to resolve one of the most divisive foreign policy issues of the past decade.

The Central American accord will provide the pattern which Mr Baker, a natural political compromiser, will follow in seeking a bipartisan approach to other issues such as the search for peace in the Middle East, and East/West relations. Last Tuesday's defence budget was also discussed in advance with Democratic committee chairmen. This consensus approach has the virtue over the frequent inertia in domestic policy of

the later Reagan years that at least something happens. For instance, Mr Nicholas Brady, the Treasury Secretary, has produced long-overdue proposals for dealing with the collapse of many savings and loans institutions and with the previous impasse over Third World debt. In both cases choice between two mobile strategic missiles, and a clear preference from the Pentagon, Mr Bush choose both so as to win support from Congressional Democrats. So deployment of the rail-borne multi-warhead MX is to go ahead while money is also spent on the development of the single-warhead truck-borne Midgetman.

Similarly, in domestic policy, Mr Bush has sought to have it both ways in proposing a limited increase in the minimum wage. This did not satisfy the Democrats and labour unions. It also displeased many Republicans, and economists who believe such a minimum is the wrong way to help the poor and prefer an expansion of the earned income tax credit.

The most conspicuous failure has been over the Budget. Both the President and the Congressional leaders have constantly reaffirmed the urgent need to reduce the Budget deficit to restore balance to the US economy. But, constrained by his "read my lips, no new taxes" pledge of last year's campaign, Mr Bush's own deficit reduction proposals

have been where there has been limited disagreement on objectives, as over Central America policy and rescuing the savings and loans institutions. Neither from the President nor from the Congress has there been any willingness to take risks. The liking for compromise has resulted in fudge. Faced with a choice between two mobile strategic missiles, and a clear preference from the Pentagon, Mr Bush choose both so as to win support from Congressional Democrats. So deployment of the rail-borne multi-warhead MX is to go ahead while money is also spent on the development of the single-warhead truck-borne Midgetman.

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on February 9 relied on over-optimistic economic assumptions and creative accounting on the expenditure side. Under strong constituency pressures to preserve spending programmes, Democratic leaders were unwilling to take risks for proposing tax increases.

So, after two months of talks, the Rose Garden agreement of two weeks ago was a flimsy document signed by the Administration and Congress largely because they believed there had to be an agreement rather than because they believed in its contents. Even Mr Bush concedes that it was only a first step towards reducing the deficit. Thanks to "blue smoke and mirrors" it may be possible to get by this year with figures which appear convincingly to be consistent with the statutory deficit target of \$100bn (£60bn) for fiscal 1990 - though \$130bn to \$140bn looks more realistic.

But the hard decisions - both on spending priorities and, more particularly, on tax - have been put off until next year. In theory, talks on a multi-year deficit reduction package are supposed to start within the next few weeks but no one believes there will be serious negotiations until the President is willing to discuss tax increases. And there is no sign of that yet.

Mr Bush's general liking for compromise has none the less aroused suspicions among

Republican conservatives who are watching for a betrayal of the Reagan revolution. They are already worried about the Central American deal with Congress (which they rightly see as dumping the Contras as well as limiting presidential prerogatives); about Mr Bush's limited proposals for banning imports of semi-automatic weapons (any restriction on gun control is heresy to them); about cuts in the Star Wars Strategic Defence Initiative programme (a token for right-wing neo-conservatives); about the developing contacts with the Palestine Liberation Organisation; and about fears about tax increases next year.

More fundamentally, Government by negotiation leaves many longer-term difficulties unresolved. Mr Bush talks of the need to tackle the US's underlying problems of lack of competitiveness. But so far there have mainly been gestures. The much-trumpeted plan from the "education president" to improve standards amounted to little more than \$400m in an already squeezed budget, and the same applies to child care. On the environment, Mr Bush has won praise for his proposals to phase out chlorofluorocarbons (CFCs) to deal with global warming, but has been widely criticised for his slowness in responding to the Alaskan oil spill.

Indeed, the critical question about Mr Bush is how he will react to a crisis. He responded effectively during last year's campaign, but so far as President he has faced few pressing problems, either domestically or abroad. When he does, he will require more than the skills of a conciliator.

To outside eyes, there is the paradox that it has been Mr Mikhail Gorbachev, the leader of a system of state socialism which has manifestly failed, who has captured the imagination internationally, helping to divide the Western alliance. By contrast, Mr Bush appears as the laggard rather than as the triumphant leader of the successful free market and democratic system.

However, Mr Bush's advisers recognise the need to offer an alternative strategy for the 1990s. The long-awaited foreign policy reviews, which have created such impatience in Europe, look like producing a shift in the US approach towards the Soviet Union. This will move away from concentration almost exclusively on arms control, towards a strategy of seeking to encourage political and economic reforms in Eastern Europe (already begun with Poland) and of trying to defuse regional conflicts. Yet if Mr Gorbachev is a suitable leader for the epic dramas occurring in the Soviet bloc, Mr Bush's unheroic style fits with the popular mood in the US, where his opinion poll ratings remain high. But the going has been easy so far.

Correction: A mechanical error in the setting of the Politics Today column on the opposite page yesterday led to the chemical symbol for carbon monoxide, CO, appearing. It should have been the symbol for carbon dioxide, CO<sub>2</sub>.

## MAN IN THE NEWS

Hans Dietrich Genscher

## Exposing Germany's Faustian dilemma over Nato

By David Marsh



than any time since its establishment in 1949 for what Mr Kohl termed Germany's own interests. In a speech to the Bundestag on Thursday, Mr Genscher spelled out more clearly and more emotionally than ever before, where these interests lie.

The foreign minister was born in a village close to the medieval trading city of Halle, in what is now East Germany. He pays annual pre-Christmas visits to the region to see friends and relatives there and organises reunions of Halle townspeople in the Federal Republic.

Mr Genscher's heart beats neither in the East nor in the West - but in the area of Central Europe which the Germans call Mitteleuropa - roughly corresponding to the old territory of the Holy Roman Empire.

In his speech, Mr Genscher said the Germans had to be

"the main pillar in the bridge of trust" between East and West. Referring to the government's policy of delaying any decision on modernising short-range nuclear missiles until 1992, Mr Genscher exposed the fundamental dilemma caused by West Germany's membership of Nato for all the world to see.

The Nato deliberations on new weapons systems, he said, applied to missiles which would strike the Polish and Czech peoples who had suffered "such endless sorrow" during the Second World War.

Then he referred to East Germany: "It is also a question of nuclear weapons which can reach the other part of our fatherland... The members of the government swear an oath to dedicate their forces to the good of the German people. The obligation from this oath does not end at the border

through the middle of Germany. This national responsibility does not exclude my homeland, the town in which I was born and the people who live in the German Democratic Republic; no, this responsibility includes these people." The missiles discussion was a test to show "how serious we are over the German nation."

Mr Genscher has shown extraordinary vigour and tactical skill in pushing through his policies on East-West détente within the government. The death last year of Mr Franz-Josef Strauss, the Bavarian prime minister and archrival of Mr Genscher, as well as the removal of Mr Rupert Scholz as defence minister, has made this easier. But his policy commands something close to a national consensus. President Richard von Weizsäcker and also Mr Hans-Jochen Vogel, the Social Democratic leader, have both backed the Genscher

policy on short-range weapons this week.

Mr Genscher also makes the point that West Germany is not alone on the Continent in opposing talk of new nuclear weapons. However, France, as well as the US and Britain, does not favour early talks on reducing the present short-range nuclear arsenals. Mrs Thatcher will exchange views on this point with Mr Kohl in south-west Germany tomorrow. Mr Genscher flies to Paris on Tuesday for informal talks on disarmament with Mr Roland Dumas, the French Foreign Minister.

Mr Genscher's tendency to look both East and West in Europe exposes him to accusations of unreliability in Nato capitals. But he has been, in his own fashion, extremely consistent. He fled to West Germany in 1962 and remains marked by his experience seeing at the end of the war US troops move out from his native region in East Germany to be replaced by the Red Army. His policies epitomise German efforts to ease through a cluster of opposing forces at the centre of Europe.

Mr Genscher has been at the forefront of efforts in the last few years to build up Western European political and economic collaboration. Nevertheless, he does stand accused of not always properly thinking through the consequences of his actions.

This is where criticism from the US and Britain has most weight. In an interview with the Financial Times in November 1987, Mr Genscher said: "We are a people of brooders. There is something Faustian in us - the permanent questioning, the knowledge that we can know nothing - that is something which is in every German. We make every question more difficult." Mrs Thatcher and Mr Bush would agree with that.

A senior German politician who knows Mr Genscher well says that Washington and London appear to mistrust him because they do not know what he wants. He pauses, and then adds: "I don't either."

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# Tony Walker meets one of the brothers from an extraordinary Egyptian family At home with the Fayeds

The first umbrellas of the season have sprouted on the beach at Alexandria. The Mediterranean shimmers under an unseasonably hot April sun. It is Ramadan, the Muslim fasting month. People seem distracted. West of Alexandria is the new beach resort of Agami, the summer playground for Egypt's well-to-do. Here there is old and new money — lots of it — in the large villas and apartment blocks that face the sea.

Locals have given pretentious titles to the more exclusive locations. It is in the Champs Elysees area that the Fayed family, perhaps better known in Britain these days, than in its native Egypt, owns a row of three relatively modest villas shledded from neighbours by a high brick wall.

And it is from here that the past weeks that Mr Salah Al Fayed, the second of the three Fayed brothers, has been monitoring the growing storm over the control of the House of Fraser stores group, owners of Harrod's.

Mr Al Fayed, a hyperactive 50-year-old with a deep suntan is not pleased. He is not pleased with the British press, he is certainly not pleased with Mr "Tiny" Rowland and he is enraged by the role played in the affair by Mr Ashraf Marwan, the millionaire Egyptian businessman whom he accuses of assisting Mr Rowland to besmirch the Fayed name. There are elements here of a peculiarly Egyptian melodrama.

In several interviews with the Financial Times — described as his "first and last" with the press — Mr Al Fayed disputed suggestions that the Fayeds exaggerated their sta-

tus as a local family of substance at the time of the 1953 House of Fraser takeover in 1955. He regards as deeply offensive recent television reports that depicted the family as virtual slum dwellers.

"We have a terrific hack-ground," he declared. "We go back 7,000 years not 800 years."

Mention of Mr Rowland or Mr Marwan chills the conversation. The head of Louhri, who has fought a long campaign to discredit the Fayed takeover of the House of Fraser, was "mad at us," Mr Al Fayed says, "because we've got the best investment in the UK... and it is getting better." He claims that the company is worth "three or four times what we paid for it."

Detailed discussion about the family background — the father was a headmaster — proved difficult. "Why do you ask these questions, what is the relevance?" I was asked more than once. Salah Al Fayed was happier to talk about the more recent origins of the family wealth.

A picture emerges of Mohamed Al Fayed, the elder brother, as an extraordinarily precocious and lucky young businessman. His first venture was an import-export business in partnership with Mr Adnan Khashoggi, the Saudi millionaire, who has his own photographs and documents from the past. Here is a portrait of a young, well-groomed Mohamed. Here are photo-

graphs of the family on a skiing holiday in Switzerland. Here is a picture of "Dodi" as a child. Here are photographs of the brothers together, here a rather garish painting of the Pyramid signed by Samira Khashoggi, and here are Mohamed Al Fayed's yellowing business cards from the 1950s. In one, he is described as Chairman and Managing Director of the Middle East Navigation Company.

The company was "heavily nationalised" in the Nasser nationalisations and sequestrations of the early 1960s. Mohamed Al Fayed, who transferred his freight forwarding business to Genoa at the time, has not been back to Egypt since. Downstairs in the library, the leather-bound volumes on the shelves are mostly in French. Among the few exceptions is a collection of Lloyd's Registers of Shipping seeming out of place alongside the antiquarian French titles.

Travelling back to Agami in his restored cream 1967 Mercedes, Mr Al Fayed observed that in some ways life had been easier in the early days in Alexandria. "I am sure we are better off now," he says in something of an understatement. "But we have more problems."

Salah Al Fayed, who lives in Geneva, headquarters of the family's holding company, Al Fayed Investment and Trust Company (AIT), spends several months a year in Egypt where

the Fayeds retain relatively small business interests. Favia, a freight forwarding company established in the 1950s, survives.

Other Egyptian-based companies include De Castro Shipping and Tours. There are offices in Cairo, Port Said, Alexandria and Suez. He is vague about numbers of employees and the extent of the family's activities. "Sometimes I can't remember the names of the companies we have," he says.

The Fayeds, or at least Salah Al Fayed, who among the three brothers remains most attached to his native country, have been seeking new investments in Egypt, but on a modest scale. The family bid \$30m (£17.5m) last year for the historic San Stefano hotel on Alexandria's waterfront, but withdrew the offer when they discovered that the property did not include the beach. A small irony here. Mohamed Al Fayed was, according to his brother, the youngest director of the Anglo-American Nile company which owned the San Stefano and the intercontinental in Cairo before the company was nationalised in the Nasser era.

The Fayeds also tried to buy the Sheraton at Hurghada on the Red Sea for \$15m in 1987 but lost out to a group of Gulf-based investors. They were now "trying to find something else," Mr Al Fayed's decision to break a family rule by talking

to the press was motivated, he said, by a desire to speak up for his elder brother whom he described as a "genius" and "100 times cleverer than Tiny Rowland."

"I really feel sorry for my brother," he says. "He gave a lot to England... they should make a statue to him somewhere, not call him the phony Pharaoh."

Salah Al Fayed is responsible for the group's shipping and banking interests which include the Dubai-based International Marine Services. He said the brothers co-operate closely — he is in contact with Mohamed Al Fayed almost every day — and share property in common, including a house at Gstaad, in the Swiss Alps, which they have owned for some 25 years.

"They ignore that we've been in business for 35 years, and then they come and say where did the money come from," he says ruefully. "We are not worrying about anything," he added. "If you have a good past, and you're from a good background, you can't go wrong."

Mr Al Fayed seems to be amused by the recent attempts of Scotland Yard to delve into the family's background. He had been to the Marriott hotel in Cairo discreetly to observe two British detectives sunning themselves near the swimming pool, while they waited for the Egyptian police to give the promised co-operation for their

inquiry. "I don't see why a taxpayer in the UK should pay for the policeman to come and enjoy the sun in the Marriott, one of the first-class hotels," he says.

Mr Al Fayed says he was opposed from the start to co-operating with the Department of Trade inspectors in their investigations. "It was the worst (legal) advice in our whole life," he says. "We should have taken the govern-



Salah Al Fayed at the family's colonial mansion in Alexandria

ment to the international court... it was a big mistake. I don't accept anyone to put his hand in my pocket."

He added that the family was determined to fight to preserve its reputation and to ensure that it retained control of the House of Fraser. "My brother said no one could take Harrod's from him except God," observed Salah Al Fayed, "and he's right."

The great and the good will congregate with the ordinary people of Merseyside in Liverpool Cathedral today in the final, official memorial service to the Hillsborough dead. Afterwards, this grieving congregation of 1.5m people will try to get back to normal life. But no one believes that life can ever be "normal" again.

When tragedy hits a single community few are untouched. Locally, near my own home in Crosby, a neighbour died. I knew him by sight but did not know him. I know him now.

A roofing contractor working for my closest friend gave his ticket away to a colleague. He was killed. A lad who worked part-time in a local cafe died. So did a promising 17-year-old cricketer, who also played rugby for the Colts XV of Waterloo, where I serve as a

voluntary official and where Mr Kenny Delglish, manager of Liverpool football club, brings his son to learn the game on Saturdays.

One person I know had 10 colleagues who went to the match together. Nina had seats. The tenth, a young accountant who was to be married this summer, perished on the Leppings Lane terrace. Everyone seems to know or be connected in some way with someone who died — and not one of them a soccer job.

The last fortnight has brought a surge of international sympathy. But it has also exposed the irritation some feel about Merseyside. They have tried to prove we

are partly to blame for the deaths ourselves. Mr Anberon Waugh, the columnist, says we are "Not us again!" moaners; Mr Edward Pearce, his opposite number on a rival paper, says we live in "the capital of self-pity."

People have been wounded by lack words. Liverpool was founded by a mixture of Lancastrian, Welsh and Irish opportunists. For all their tough image, their descendants are unashamedly senti-

mental and quick to be hurt.

What the Welsh call *hiraeth* — that emotional mixture of longing, grief and homesickness — is an ingredient of scone culture, but Celtic gloom is not the people have been bawling back, perhaps too often, from hard times. Humour is part of it, but isn't funny. Humour is serious. Liverpool produces comedians, not comics. Their stock-in-trade is tragedy. You

have to be a comedian to live on Merseyside, we joke.

The scale of the Hillsborough tragedy is so great that there have been no jokes about it, nor will there ever be. There has been an enormous sense of loss and hurt, but what is going on is not self-pity, just human decency.

We all grieve together. Perhaps the anonymous nature of much London life and the arch-bargy of commuting rules out a sense of community, so

that those in the capital can't appreciate the networks of kinship and friendship which unite people of widely disparate backgrounds and views at a time like this.

People are not moaning but weeping. There is reason to mourn, but not because of football. I was not born on Merseyside, but I have lived there for 20 years and have watched those reasons emerge.

Like other old northern con-

urbations, such as Tyneside and Tyneside, the problem is economic structure. The towns have been based on too few, usually dying, industries. Workforces have been dependent on branch factories and big employers. The climate has been unresponsive to entrepreneurial, unlike the better-balanced economies of Greater Manchester or West Yorkshire. Such problems take a generation or more to solve, so it is not surprising that those least able to fend for themselves should moan — not out of self-pity, but out of anger and frustration. The latest figures show that male unemployment in the Liverpool travel-to-work area is still 21.5 per cent.

In the hands of some on the left, such feelings have in the past been shaped into a dangerous political force. Mr Michael Heseltine, the Conservative politician put in charge of finding a way forward after the Tory riots of 1981, understood this. He managed to stop what he called "the dialogue of the mountain tops" by shaming people towards common goals. Since then, less sensitive ministers confronted by Labour's sectarian far left have found the going harder, but the present political and business leaders are struggling to undo the damage.

Strangely, they may actually be helped by the Hillsborough tragedy. Merseyside has never been so united or, possibly, on the receiving end of so much goodwill. Building on that could be the best possible memorial for the dead.

## LETTERS

### Hong Kong anxieties

From Mr Vinod Narain.

Sir, I have followed with interest the full coverage given by your newspaper to the recent visit to Hong Kong by the House of Commons Foreign Affairs Select Committee.

You point out (leader, April 25) the difficulties in granting full British passports to the people of Hong Kong. As an alternative, you suggest a statement from the British Government that "it would not turn its back on the Hong Kong people in an emergency before or after 1997" will help to restore confidence in the territory.

Such a statement would be insufficient to allay the fears and anxieties of the people of Hong Kong. You may recall that a similar assurance was given in May 1986 by Lord Glenarthur. Speaking in the House of Lords, on behalf of the British Government, he said: "We would consider it an obligation for any future Gov-

### PR proposed for Europe

From Mr Andrew Duff.

Sir, I wonder if Mrs Thatcher agrees with Edward Mortimer's statement, in his otherwise admirable and trenchant article (April 25), that national governments can "govern the European Community in a more arbitrary and authoritarian way than they can get away with in governing their respective countries." I doubt if this is true in the British case.

Of course federalism is vital in the supranational context if the EC is to be run in the liberal interest. But we need it at home, too, as it is important to link political reform of the Community with political reform of the UK.

Mrs Thatcher does. For example, she opposes proportional representation (PR) for the European Parliament not only because people like us would get elected, and because it would be the thin end of the electoral reform wedge, but also because a single electoral system would boost the European Parliament's respectability. It would then be more difficult to dissuade her fellow heads of government from following the logic of the European single market, and complementing economic

### Mortal engines

From Mr Terry Sutton.

Sir, Mrs Avril Cocking's interesting letter (April 2) about the 1823 Channel Tunnel workings and the Beaumont tunnelling machine prompts me to tell you that Colonel Beaumont's machine was to be seen for many years — maybe still — sticking out of the chalk cliff near the railway tunnels at the Warren, Folkestone.

There have been suggestions that the machine, or what is left of it, should be salvaged and preserved. But who the owner is probably creates a problem for those concerned with the machine's conservation.

Terry Sutton,  
17 Beaumont Cross Lane,  
Whitfield,  
Dover, Kent

### Historic share bargain

From Mr John Dealey.

Sir, Observer (April 27) says that the sale value of the high quality Mappa Mundi plc share certificates may turn out to be greater than the offer price of £1,000.

I would go further than this. I suggest that shares at this price are an absolute "bargain" — we are talking about a company with a priceless asset value, a 700 year old tradition and worldwide coverage.

Informed City acquaintances are now speculating that with only 7,450 of these extremely rare shares available, the offer is likely to be heavily oversubscribed — and there is growing talk of a strong after-market.

### Consumer choice reduced

From Mr L.E. Head and others.

Sir, The Monopolies and Mergers Commission has recently published recommendations (enthusiastically endorsed, apparently, by Lord Young and by the press) regarding breweries and tied public houses. The Commission argues, first, that consumer prices have been materially increased because a small cartel of producers owns most of the retail outlets; second, that consumer choice of products has been materially reduced.

Most important lending institutions now own estate agencies. Most now own — or are tied to — life companies. In other words — following the brewery analogy — these institutions are now already regulating the sale of their own financial products, thereby materially reducing the consumer's choice of products, and, probably, materially increasing the true cost to the consumer of those products. Of greater commissions on life policies are payable to intermediaries owned by the institutions, less "consumer" money

### Roll up that map

From Mr A. Agius-Cesaro.

Your survey on Italy (April 24) was up to your usual commendably high standards, and the accompanying map on page 44 helped to place Italy's regions in proper perspective. Unfortunately the map may also — doubtless unintentionally — hinder our plans. It placed Malta where the Italian island of Pantelleria should be. This will create much confusion if tourists or prospective buyers of Maltese goods descend on Pantelleria, believing that they are in Malta.

A. Agius-Cesaro,  
Oleander,  
A. Schembi Street,  
Kappara, Malta

### There will always be LTPs

From Mr C.D. Hickox.

Sir, For the UK to prosper we must balance our trade and control inflation. These targets are imposed because of the flood of imports sucked into the UK by the easy availability of unlimited credit.

There will always be those who are less than prudent (LTP) in managing their affairs. Most LTPs become willing victims to the lure of easy credit facilities, seductively offered. Furthermore, many LTPs (and others) do not realise or care how much this

### credit costs — until they must seek higher income to service their debts. The result is inflated wage demands to pay inflated rates of interest.

If hire purchase, leasing, and other secondary forms of usury were forced into line with reality, say within 2 per cent of bank rate (whether above or below), finance organisations would find it less rewarding to serenade the LTPs with the siren song of easy credit.

C.D. Hickox,  
Jorvats Hill,  
Balcombe, Sussex

## ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS									
Product	Applied rate	Net rate	Interest	Minimum	Access and other details				
Abbey National (01-486 5555)	Share Cert	10.00	10.00	Yearly	£100	Inst. of £10K 8.00/9.25 + bonus			
	Five Year	9.25	9.25	Yearly	£100	Instant 8.75/9.75/10.40			
	High Int Chq Ac	9.15	9.15	Yearly	£100	Chq bk/Chq Card 8.05/8.15/7.00			
	Current A/c	9.10	9.10	Yearly	£100	Chq bk/Chq Card			
	Share account	8.15	8.15	1/2-yearly	£100	Instant access			
Alliance and Leicester	Capital Choice	10.35	10.35	Yearly	£1,000	6 m (9.75% + 3m) 9.15% + 1m			
	Gold Plus	9.25	9.25	Yearly	£1,000	8.95/9.75/10.40/11.50 inst. acc.			
	Bank-Save Plus	8.40	8.40	Yearly	£10,000	8.90 12 1/2% + 8.90 cur rate			
	ReadyMoney Plus	6.15	6.27	1/2-yearly	£100	Inst. acc. access			
	Yearly Plan	12.50	12.50	Yearly	£25,000	8.15 12.50% 6.65 12.50% ATM access			
Barnsley (0226 737999)	Summit	10.20	10.20	Yearly	£25,000	90 days/inst. - £10K min. inst. av.			
Birmingham Midshires	Quantum 5170	10.00	10.25	M/1/2-yearly	£25,000	Tiered rates from £1,000			
	Inst. Plan	10.00	10.00	Yearly	£25,000	9 fixed rates 10.75/11.00/11.25			
Bradford and Bingley (0274 561545)	Maximiser Bonus	8.50	8.50	Yearly	£1,000	Inst. acc. Bonus for no withdrawals			
	Maximiser Inst.	9.50	9.50	Yearly	£1,000	3 mths./90 day penalty			
	Maximiser Growth	9.50	9.50	Yearly	£1,000	3 mths./90 day penalty			
	Maximiser Inst. Rate	10.25	10.25	Yearly	£25,000	3 mths./90 day penalty			
Bristol and West (0272 294272)	Matrixcard	6.15	6.24	1/2-yearly	£100	Inst. acc. £500 7.50			
	Inst. Capital	10.25	10.25	Yearly	£25,000	3 months' notice, £500 9.50			
	Inst. Income	9.50	10.25	Yearly	£25,000	6 months' notice, £500 9.10			
	Triple Bonus	9.25	9.25	Yearly	£25,000	Tiered to 8.50 12.50% inst. acc.			
	Share Account	6.15	6.24	1/2-yearly	£100	Inst. acc. access			
	Inst. Income Cap	10.25	10.25	Yearly	£25,000	12.30% 9m. 10.40% 12.10% 12.40%			
Britannia (0238 399399)	Trident Twelve	10.25	10.25	Yearly	£25,000	Inst. acc. 8.5K 9.75 6.0K 10.0K/inst. acc.			
	Inst. Bond II	10.10	10.10	Monthly	£2,000	90-96 months, inst. thr. 10.42			
	Inst. Bond III	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond IV	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond V	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond VI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond VII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond VIII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond IX	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond X	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XIII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XIV	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XV	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XVI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XVII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XVIII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XIX	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XX	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXIII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXIV	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXV	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXVI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXVII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXVIII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXIX	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXX	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXXI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXXII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXXIII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXXIV	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXXV	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXXVI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXXVII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXXVIII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XXXIX	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XL	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XLI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XLII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XLIII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XLIV	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XLV	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XLVI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XLVII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XLVIII	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond XLIX	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond L	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond LI	10.10	10.10	Monthly	£2,000	Inst. acc. 10.25/10.75/11.25			
	Inst. Bond LII	10.10	10.10	Monthly					



UK COMPANY NEWS

Chamberlain Phipps offers raised

By Philip Coggan
RIVAL BIDDERS Bowater Industries and Evode Group both increased their offers yesterday for Chamberlain Phipps...

stake in Chamberlain to 14.9 per cent stake, just short of the 15 per cent limit allowed a bidder which is not offering a cash alternative...



Norman Ireland: it all comes down to cash or paper

Chamberlain's share price rose 7p to 235p. That means that Bowater can buy shares in the market...

SCIT backing £58m offer

By John Thornhill
The Smaller Companies International Trust, an investment trust managed by Edinburgh Fund Managers, is recommending a £58m offer by the British Steel Pension Fund to its shareholders...

Low offer totally underwritten

By Nikki Tall
SG WARBURG, the merchant bank, yesterday announced that it had extricated itself from the awkward position of possibly becoming a significant shareholder in Scottish food retailer William Low...

Yesterday, however, the merchant bank said that it had now found institutional investors to take on the bank's remaining commitment with regard to the underwriting of the cash alternative...

Leisure Invs up to £1.22m but earnings slip

By Clare Pearson
PRE-TAX PROFITS of Leisure Investments, which last November paid £70m for Mr Peter de Savary's Leisure Investments, jumped to £1.22m, up 50 per cent from £815,000...

Manhattan hotel site, remaining to be sold. He also envisaged selling some of Leisure Investments' restaurants...

Manhattan hotel site, remaining to be sold. He also envisaged selling some of Leisure Investments' restaurants...

Gold Fields serves share disclosure notice on Minoro

By Kenneth Gooding, Mining Correspondent
CONSOLIDATED GOLD FIELDS, the UK diversified mining group, has served a Companies Act 212 notice on Minoro...

Isosceles moots restructuring for 'misconceived' Gateway

By Nikki Tall
ISOSCELES, the newly-formed institutionally-backed company which is mounting a £1.78bn bid for Gateway, Britain's third largest food retailer, yesterday claimed that radical restructuring of its target was required...

pass confidential information to Isosceles. The undertakings were accepted by the court. Isosceles intends to sell off the bulk of the superstores, with Asda lined up to take 62 of these...

Foodmarkets, said Isosceles, had the lowest sales and operating profit per sq ft of the major food retailers in their respective 1987/8 financial years. Gateway hit back however, by claiming that the 1987/8 share offer was "misery", that it failed to recognise the group's market position and trading improvement...

TKM in £26.8m Australian buy

By John Riddling
TOZER KEMSLEY & Milbourn (Holdings), the motor distributor and retailer which is part of Sir Ron Frierley's BNL group, yesterday announced the acquisition of Subaru (Australia) for A\$57m (£23.77m) cash...

profits of A\$3.37m on turnover of A\$98m. TKM already holds the exclusive Subaru concession in Australia and has a range of motor retailing and distribution interests in Europe...

that the group would seek other acquisition opportunities in the area. Since the easing of vehicle taxation levels and tariff duties in Australia, car sales and imports have shown steady growth. In 1988, Subaru increased its market share from 0.84 to 1.12 per cent. The purchase will increase TKM's gearing from 31 to around 45 per cent.

Ademco write-off behind Tunstall fall to £1.68m

By Andrew Hill
GROWING PAINS at Ademco, Tunstall Group's chain of distribution centres, hit the security equipment company's profits in the six months to March 31. Tunstall made £1.68m, down from £3.2m...

the strong core business of personal alarm systems for the elderly has led it into difficulties. The group could hardly be blamed for the Sound Diffusion investment, a situation which may yet end in the courts...

'Growing pains' hit profits at Kitty Little. Kitty Little Group, the manufacturer of fragrance products which came to the USM last April, announced a sharp fall in pre-tax profits from £446,000 to £402,000 for the year to January 31, 1989...

KCA falls to £2.8m

KCA Drilling made pre-tax profits of £2.8m (£3.45m) in 1988. Earnings fell to 3p (3.7p).

Ademco write-off behind Tunstall fall to £1.68m

That offset a record six months from Tunstall Telecom, the personal alarm systems subsidiary, which will continue to provide the bulk of the Yorkshire group's profits...

Ademco write-off behind Tunstall fall to £1.68m

Group turnover rose to £24.27m (£18.28m). Earnings per share fell from 12.7p to 6.8p but the interim dividend is being increased to 1.75p (1.5p).

Table with columns: Stock, Price, Change, etc. Includes sections for LONDON RECENT ISSUES, EQUITIES, and FIXED INTEREST STOCKS.

Table with columns: Stock, Price, Change, etc. Includes sections for RIGHTS OFFERS and TRADITIONAL OPTIONS.

Davies & Newman edges ahead to £9.9m

By John Riddling
DAVIES & NEWMAN Holdings, which operates the Dan-Air airline, yesterday announced a slight increase in profits for 1988, from £9.5m to £10.9m...

group's associated company involved in oil drilling and well servicing. Gatwick Handling, the airport passenger service and management organisation, also increased profits over 1987...

Net asset value advance to 136p

Securities Trust of Scotland had a net asset value of 136p at March 31, 1989 compared with 118.5p a year earlier. Gross revenue for the year advanced from £11.45m to £13.73m...

TALBEX GROUP Losses soar to near £1m

Talrex Group, which fills and supplies aerosols, reported a sharp increase in losses from £158,000 to £976,000 for the six months to March 31, 1989. Turnover grew from £2.87m to £17.11m.

CLAYTON SON & CO Almost static as turnover falls

Clayton, Son & Co (Holdings), Leeds-based engineer, reported a fractional decrease in pre-tax profits from £1.05m to £1.03m in 1988. Interest received was £10,000 compared with charges of £55,000. Turnover fell from £17.01m to £15.68m.

JO WALKER Advance to £674,000

JO Walker & Co, the Leicester-based timber importer, increased pre-tax profits from £600,000 to £674,000 in the year to December 31, 1988. Turnover rose 19 per cent to £17.51m in the period. Tax took £20,000 more at

National Home Loans rises 62% at midway

By David Barchard
NATIONAL HOME LOANS yesterday reported pre-tax profits of £13.41m for the six months to March 31, up 62 per cent on the same period last year. However there was no increase in the interim dividend which remained at last year's level of 2.25p. Earnings per share were also unchanged at 5.4p.

Gleeson ahead

MJ Gleeson, the construction and property investment group, raised pre-tax profits from £3.4m to £4.3m in the six months to December 31, on turnover up from £47.12m to £62.69m. Earnings were 28.15p (21.99p) per share. The interim dividend is fixed to 2.40p (2.14p).

Table titled 'DIVIDENDS ANNOUNCED' showing Current payment, Date of payment, Corres. pending dividend, Total for year, Total last year for various companies.

First Dealings Apr 24, Last Dealings May 12, Last Declarations May 27, For Settlement Aug 7, For rate indications see end of London Share Service





MARKET STATISTICS

ECONOMIC DIARY

**TODAY:** US figures for March construction spending. Campaign for Press and Broadcasting Freedom Media in the 90s conference at London University Student Union. Mrs. Glensy Kinneock speaks at United conference on children's rights. Institute of Education, London.

**TOMORROW:** Mrs. Margaret Thatcher, the Prime Minister, visits West German Chancellor Kohl at his home in Oppenheim for talks on Nato short range missiles.

**MONDAY:** May Day celebrations in Moscow. Indirect tax on tobacco implemented in Germany. Swiss money supply figures for March.

**TUESDAY:** The Bank of England publishes the following statistics for March: London sterling certificates of deposit; bill turnover statistics; UK banks' assets and liabilities end the money stock; sterling commercial paper. Build-Societies association annual conference, Guernsey (until May 4). General council of the Bar responds to Green Paper on reform of legal services. Mr. Teasdale, FLO leader, first meeting with President Mitterrand, Paris. Meeting of parties to Montreal protocol on substances that deplete ozone layer, Helsinki, (until May 5). Italian consumer prices figures for April.

**WEDNESDAY:** Department of Energy publishes advance energy statistics for March. Department of Employment issues figures for overseas travel and tourism (January-February); and a detailed analysis of employment, unemployment, earnings, prices, and other indicators. Bank of England publishes details of capital issues and redemptions in April. Treasury issues figures for UK official reserves for April. Advisory Council on Science and Technology statement on defence research and development. German statistics for March industrial production; March manufacturing new orders and April unemployment.

**THURSDAY:** An inaugural public lecture: What are the problems in the West German "Model"? by Gordon Smith at the London School of Economics. Vale of Glamorgan by-election - result expected around noon Friday. The Queen opens British Food and Farming Exhibition, Hyde Park. Viscount Whitelaw speaks at Foyles lunch, Grosvenor House, London. Polish Communist Party two-day national conference opens, Warsaw. Bundesbank meets.

**FRIDAY:** Department of the Environment publishes figures for housing starts and completions in March. US employment figures for April.

EUROPEAN OPTIONS EXCHANGE

Series	May 89	Jun. 89	Jul. 89	Aug. 89	Nov. 89	Stock
Gold C	165	165	165	165	165	3 78 20
Gold F	165	165	165	165	165	3 78 20
Gold P	165	165	165	165	165	3 78 20
Gold S	165	165	165	165	165	3 78 20

Series	May 89	Jun. 89	Jul. 89	Aug. 89	Nov. 89	Stock
EUR Index C	100	100	100	100	100	3 78 20
EUR Index F	100	100	100	100	100	3 78 20
EUR Index P	100	100	100	100	100	3 78 20
EUR Index S	100	100	100	100	100	3 78 20

Series	Jul. 89	Oct. 89	Jan. 90	Apr. 90	Jul. 90	Stock
ADM C	45	45	45	45	45	3 78 20
ADM F	45	45	45	45	45	3 78 20
ADM P	45	45	45	45	45	3 78 20
ADM S	45	45	45	45	45	3 78 20

BASE LENDING RATES

Bank	Rate	Bank	Rate	Bank	Rate
ABN Bank	13	Clydebank	13	Halifax	13
Adair & Co.	13	Com. Bk. & East	13	North Bank Ltd	13
Albion Bank	13	Co-operative Bank	13	Parsons Bank Ltd	13
Alfred Bank	13	Coventry & Som.	13	PNB/Tankers Limited	13
Ally Bank	13	Cornwall & Ex.	13	Prudential Bank PLC	13
Ally Bank	13	Cornwall & Ex.	13	Prudential Bank PLC	13
Ally Bank	13	Cornwall & Ex.	13	Prudential Bank PLC	13

**BANK RETURN**

Category	Wednesday April 26, 1989	Increase or decrease for week
Capital	14,565,000	+
Public Deposits	1,283,110,081	+ 9,842,195
Bankers Deposits	1,283,110,081	- 113,244,441
Reserve and other Accounts	2,074,185,925	- 86,137,331
<b>Total</b>	<b>3,478,269,054</b>	<b>- 208,245,637</b>

**ISSUE DEPARTMENT**

Category	Notes in circulation	Notes in Banking Department
Notes in circulation	14,463,827,913	+ 141,887,674
Notes in Banking Department	8,372,087	+ 1,587,674
<b>Total</b>	<b>14,472,200,000</b>	<b>+ 143,475,348</b>

**MONTHLY AVERAGES OF STOCK INDICES**

Index	Apr.	Mar.	Feb.	Jan.
Financial Times	96.41	96.28	88.72	87.65
Government Securities	106.70	106.70	98.62	98.62
Ordinary	1700.8	1710.7	1679.2	1543.5
Gold Mines	186.0	186.8	164.5	165.8
SEAQ Bergains (p.m.)	28,288	31,008	32,206	32,174

**FT-SE 100**

Index	April High	April Low
Ordinary	1700.4(28th)	1688.4(10th)
All-Share	1090.04(28th)	1048.43(10th)
FT-SE 100	2718.0(28th)	2625.0(10th)

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Friday April 28 1989					Highs and Lows Index				
	Index No.	Day's Change %	1989 to date	1988 to date	1987 to date	1989 High	1989 Low	Since Completion High	Since Completion Low	
1 CAPITAL GOODS (297)	955.01	+0.1	10.55	11.64	950.90	943.00	930.84	764.68	775.54	
2 Building Materials (291)	1195.87	-0.2	11.91	12.88	1198.23	1188.95	1168.33	806.91	839.86	
3 Consumer Goods (295)	1719.92	-0.1	12.07	10.16	1719.86	1705.26	1678.23	1589.59	1460.31	
4 Electricals (10)	2815.20	+1.8	8.42	4.31	2814.99	25.01	2788.57	2757.91	2890.24	
5 Electronics (30)	2177.97	+0.5	8.72	3.07	2178.86	2166.30	2143.80	2119.82	2087.72	
6 Mechanical Engineering (50)	513.94	+0.5	10.16	3.97	512.88	6.75	511.26	505.52	488.59	
7 Metals and Metal Finishing (7)	548.89	-0.1	10.16	5.53	548.89	541.34	536.08	534.87	549.42	
8 Motors (17)	515.95	+0.3	11.68	4.81	516.90	5.78	514.56	512.85	506.75	
9 Other Industrial Materials (22)	1592.67	+0.6	9.17	4.24	1593.01	21.63	1582.95	1569.95	1551.96	
10 CONSUMER GROUP (185)	1284.95	+0.1	8.91	3.63	1284.95	8.00	1283.91	1277.12	1267.48	
21 Breweries and Distilleries (23)	1195.87	+0.5	9.73	3.45	1195.87	9.88	1192.18	1183.51	1164.69	
22 Food Manufacturing (201)	2034.02	-0.2	9.48	3.99	2034.02	11.32	2028.44	2004.70	1989.86	
23 Food Retailing (15)	2128.93	+0.1	8.57	3.30	2128.93	15.35	2127.20	2118.41	2108.24	
24 Health and Household (14)	2283.39	-0.3	2.25	2.56	2283.39	9.00	2279.96	2278.44	2270.45	
25 Lingerie (33)	1607.09	+0.4	6.24	3.38	1607.09	14.64	1604.81	1586.96	1576.18	
26 Packaging & Paper (15)	777.76	+1.1	10.13	4.21	777.76	11.31	776.24	770.24	767.36	
27 Printing & Publishing (13)	3588.99	+1.6	9.09	4.50	3588.99	32.54	3554.07	3539.52	3477.86	
28 Shoes (3)	784.46	+0.1	11.33	4.52	784.46	1.83	785.42	780.77	770.72	
29 Textiles (15)	541.40	+0.3	11.50	5.24	541.40	8.60	539.49	528.20	524.03	
30 OTHER GROUPS (95)	1080.76	+0.3	10.02	4.12	1080.76	8.71	1077.54	1067.83	1054.26	
41 Agencies (13)	1284.95	+0.5	7.23	2.52	1284.95	13.24	1282.87	1277.24	1263.85	
42 Chemicals (22)	1236.89	-0.3	11.30	10.50	1236.89	21.34	1234.87	1218.71	1202.71	
43 Commercials (12)	1589.27	+0.3	9.41	4.22	1589.27	5.17	1575.01	1552.41	1520.27	
45 Transport (13)	2474.01	+0.6	8.18	3.57	2474.01	20.16	2463.87	2387.49	2346.12	
47 Telephone Networks (2)	1087.09	+0.4	10.59	4.22	1087.09	0.89	1083.79	1083.79	1078.89	
48 Miscellaneous (28)	2469.73	+0.4	10.61	4.82	2469.73	23.22	2445.23	2445.23	2399.82	
49 INDUSTRIAL GROUP (487)	2034.02	+0.2	9.48	3.99	2034.02	9.08	2032.92	2021.92	2011.92	
50 FT-SE 100	2718.02	+0.2	9.70	4.29	2718.02	14.32	2703.58	2698.48	2687.22	
51 FINANCIAL GROUP (123)	739.75	+0.4	5.28	-	739.75	13.90	737.01	729.20	726.56	
62 Banks (8)	734.52	+0.6	24.21	5.00	734.52	20.35	729.96	725.95	719.49	
63 Finance (15) (B)	1053.80	+1.8	-	-	1053.80	-	-	-	-	
64 Insurance (Compos.) (7)	586.88	+0.5	8.25	15.68	586.88	13.65	584.21	581.78	578.73	
67 Insurance (Brokers) (7)	950.94	-0.2	8.45	15.68	950.94	26.81	952.47	949.74	938.39	
68 Investment Banks (1)	331.37	+0.1	-	-	331.37	3.63	331.80	331.52	331.46	
69 Property (52)	1133.20	-0.1	5.90	2.75	1133.20	4.54	1131.84	1129.11	1121.67	
70 Other Financial (30)	371.49	+0.1	9.99	5.25	371.49	38.77	370.06	368.97	367.12	
71 Investment Trusts (72)	1121.37	+0.7	2.81	-	1121.37	7.08	1114.90	1107.87	1106.93	
81 Mining Finance (2)	649.87	-1.1	8.92	3.92	649.87	10.45	646.24	644.24	644.24	
82 Mining Finance (2)	649.87	-1.1	8.92	3.92	649.87	10.45	646.24	644.24	644.24	
99 ALL-SHARE INDEX (705)	1990.84	+0.2	-	-	1990.84	12.65	1988.10	1978.39	1968.53	

FIXED INTEREST

PRICE INDICES	Fri Apr 28	Day's change %	Thu Apr 27	1989 to date	1988 to date	AVERAGE GROSS REDEMPTION YIELDS		1989	
						High	Low	High	Low
British Government	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
5 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
10 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
15 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
20 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
25 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
Index-Linked	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
5 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
10 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
15 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
20 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39
25 years	118.21	+0.20	117.97	-	3.93	5	9.77	9.78	10.39

40 opening index 2134.9; 10 am 2129.1; 11 am 2122.7; Noon 2120.3; 1 pm 2121.9; 2 pm 2122.7; 3 pm 2120.9; 4 pm 2116.2; 4.05 pm 2116.3 (a) 9.00 am (b) 4.00 pm

Equity section or group	Base value	Equity section or group	Base value
Agencies	31/12/74	Agencies	31/12/74
Capital Goods	31/12/76	Capital Goods	31/12/76
Consumer Goods	31/12/76	Consumer Goods	31/12/76
Electricals	31/12/76	Electricals	31/12/76
Electronics	31/12/76	Electronics	31/12/76
Mechanical Engineering	31/12/76	Mechanical Engineering	31/12/76
Metals and Metal Finishing	31/12/76	Metals and Metal Finishing	31/12/76
Motors	31/12/76	Motors	31/12/76
Other Industrial Materials	31/12/76	Other Industrial Materials	31/12/76
Consumer Group	31/12/76	Consumer Group	31/12/76
Breweries and Distilleries	31/12/76	Breweries and Distilleries	31/12/76
Food Manufacturing	31/12/76	Food Manufacturing	31/12/76
Food Retailing	31/12/76	Food Retailing	31/12/76
Health and Household	31/12/76	Health and Household	31/12/76
Lingerie	31/12/76	Lingerie	31/12/76
Textiles	31/12/76	Textiles	31/12/76
Other Financial	31/12/76	Other Financial	31/12/76
Banks	31/12/76	Banks	31/12/76
Finance	31/12/76	Finance	31/12/76
Insurance	31/12/76	Insurance	31/12/76
Investment Banks	31/12/76	Investment Banks	31/12/76
Property	31/12/76	Property	31/12/76
Other Financial	31/12/76	Other Financial	31/12/76
Mining Finance	31/12/76	Mining Finance	31/12/76
Mining Finance	31/12/76	Mining Finance	31/12/76

**Nationwide Anglia**

**£300,000,000**

Floating Rate Notes Due 1996

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Interest Rate: 12.83% per annum

Interest Period: 28 April, 1989 to 31 May, 1989

Interest Amount per £5,000 Note due 31 May, 1989: £58

Interest Amount per £50,000 Note due 31 May, 1989: £579.99

Agent Bank: Baring Brothers & Co., Limited



INTERNATIONAL COMPANIES AND FINANCE

Olivetti falls 11% after slide on financial side

By Alan Friedman in Milan

OLIVETTI, the Italian office automation company, said yesterday a reduction in income from financial operations caused an 11.4 per cent fall in 1988 consolidated net profit to L365.2bn (\$259m).

This was the second successive decline for Olivetti, and the latest outcome was 37 per cent down on the record L565.5bn achieved in 1986.

A squeeze on margins and the rising costs of components in computers contributed to a 19.5 per cent decline in pre-tax profit to L452.6bn. But cuts in administrative overheads and a 14 per cent rise in group revenues, to L8,407.4bn, helped boost operating profit 20.4 per cent to L406bn.

Olivetti is undergoing a wide-ranging reorganisation and analysts had predicted a slackening of profits. The company said yesterday it would maintain its dividend for 1988 at L340 per ordinary share and

ALITALIA, the Italian state airline, is to join Olivetti's financial side. It will operate five new McDonnell Douglas MD-83 aircraft and the initial investment in the venture will be L15bn (\$11.1m), writes Alan Friedman.

Each will own 45 per cent. Olivetti said that since 1979 it

L360 per savings share. Mr Carlo De Benedetti, chairman, said the 1988 result showed growth above other European information technology companies, but he acknowledged a shake-out in the sector had led to a "generalised pressure on margins."

Olivetti said its financial operations such as foreign currency transactions and an payments by Volkswagen had supplied L140bn of earnings in

1987, when Olivetti had an interest-earning cash balance of L160bn. In 1988 the company had L156bn in debt.

Olivetti produced 617,000 personal computers last year, of which American Telephone & Telegraph bought 110,000. AT&T has said it will be continuing alternative suppliers to Olivetti, while the Italian company this week announced a supplier deal for Europe with Digital Equipment.

Non-consolidated companies contributed FI 72m to net income, up from FI 16m. Much of the increase was due to Philips' new joint venture in major domestic appliances with Whirlpool of the US, in which Philips has a 49 per cent stake.

Total sales improved by 2 per cent to FI 12,64bn in the first quarter. Operating income fell 11 per cent to FI 611m. Electronic components saw a

had run an executive charter service with eight aircraft and L13bn of 1988 revenues. San Paolo Finance, an investment banking subsidiary of the San Paolo banking group, will have 10 per cent of the venture.

Alitalia said the charter market in Italy had 1m potential passengers a year.

Two chocolate bar manufacturers South Hope based in Trinidad, and TJS Investments of Malta, are offering FR3,000 a share for Cheval Blanc, whose shares have been suspended since December, waiting for French government approval.

Both companies are leaders in the chocolate confectionery markets of their home countries, and Mr Gaston Maulin, whose family controls Cheval Blanc, has chosen to ally with them in the increasingly international chocolate market.

The bid may not rank alongside the £2.55bn (\$4.25bn) takeover of Rowntree in the UK by Nestlé of Switzerland, but it has gone through close scrutiny from the French Government, which has become concerned about the industry's slide of many of the country's best-known edible brand names into foreign hands.

Nestlé's purchase of Rowntree, which owns the traditional French chocolate brands of Meisier and Lavinin, gave the combined group a quarter of France's FR3.5bn chocolate market last year. In some market segments, this combined share was over 35 per cent, prompting the Government to refer the bid to the competition agency.

Jacobs Suchard, the Swiss group, has a market share of over 15 per cent, with Mars estimated at around 11 per cent and Lindt at 7 per cent. Foulon, one of the best-known French brands, was bought 18 months ago by Cadbury of the UK. Irving-Cantillon, which supplies mainly own brand chocolate bars for supermarkets, as the only large producer in France.

Unlike most other European markets, France has remained loyal to dark, bitter chocolate, and many consumers still prefer the chocolates made on the premises by their local patisseries. Milk chocolate, led by Jacobs Suchard's Milka brand, has made sizeable inroads in the bar market, however, while in the fancy chocolate segment, sweeter Belgian-style chocolates are gaining ground, often through franchise shops.

Outside the chocolate market, Mr Henri Nallet, France's Agriculture Minister, has declared his opposition to further foreign acquisitions in the food and drinks industries, although his only success has been in blocking the purchase by Japan's Takashimaya group of the distributor of the Burgundy wine, Romanée Conti.

French confectioner agrees to overseas bid

By George Graham in Paris

A GROUP of foreign investors has launched a FF1,611m (\$24.2m) agreed bid for Cheval Blanc, one of the last remaining chocolate producers in France.

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Campeau to reshape subsidiaries

By Roderick Oram in New York

MR ROBERT CAMPEAU, the Canadian property and retailing investor, said yesterday he had turned his main corporate vehicle into a holding company and devolved operating responsibilities to its subsidiaries in Canada and the US.

He said the change "reflects the evolution" of Campeau Corporation through its push in recent years into US retailing with the purchases of the Allied and Federated department store chains - including Bloomingdale's of New York - for a total of US\$1.9bn.

The changes will be scrutinised carefully by US and Canadian markets because concern lingers about the financial health and prospects for the group. Some analysts remain cautious even though Mr Campeau has already sold enough assets to pay off a large part of the \$9bn he borrowed to finance the US acquisitions.

Analysts will also be trying to assess the influence that Olympia & York, the Canadian property and resources group, might be playing in Campeau's affairs. O&Y, owned by the Reichman family of Toronto, has a 26 per cent stake in Campeau and is believed to be trying to increase its role in the company.

Campeau confirmed yesterday that Mr James Roddy, its president and chief operating officer, had resigned because of the restructuring. He has been replaced by Mr Ronald Tysoe, previously in charge of Campeau's corporate development and president of its US arm.

In addition, Mr Roger Ashton has resigned as Campeau's chief financial officer. Mr Russell Davis, who holds that position at Federated and Allied, will expand his job to take on Mr Ashton's duties.

The resignations are the latest tended to Mr Campeau, who is known for his fiery temper and strong opinions. Last May, Mr Robert Morosky, a respected executive in the retailing industry, quit as president of Allied Stores.

Under the new structure, the operating subsidiaries are a department stores group combining Allied and Federated; Ralphs Grocery, a California supermarket chain; Campeau Development Corp, the US property arm; and Campeau Canada, the Canadian property operations.

Asahi Mutual Life, Japan's fifth largest insurance company, has taken a 5 per cent stake worth an estimated ¥175m (\$76.4m) in Groupe AG, Belgium's largest insurer.

The pair have agreed to cooperate in Europe on their "development, real estate investments and fund management" according to AG, which holds 25 per cent of the Belgian life insurance market and 10 per cent of the market for non-life risks.

"The purpose of these various actions is to strengthen Asahi's experience of investments in Europe with a view to expanding its activities in the light of the single market in 1992," the Belgian company said.

Asahi already has offices in London and Luxembourg. Its stake in AG entitles Asahi to a board seat, the holder of which will be nominated at the company's next general meeting.

Asahi bought its shares from Sociétés Générale de Belgique, the holding company, and Anhyp, the Belgian savings bank, both of which continue to hold stakes in AG.

Just more than half of AG's equity is owned by loyal long-term investors, which also include RT Holding and the family of Mr Maurice Lippens, who is the chairman of the company.

Asahi has an annual premium income equivalent to ¥175,000m, more than 10 times the ¥17,500m for AG in its last full-year report in 1987.

At the last count at the end of March last year, Asahi held 16 per cent of its assets - which is ¥17,500m - outside Japan.

"Asahi's short-term objective is to increase the size of its foreign investments," the company said.

Japanese buy stake in Groupe AG

By William Dawkins in Brussels

ASAHI MUTUAL Life, Japan's fifth largest insurance company, has taken a 5 per cent stake worth an estimated ¥175m (\$76.4m) in Groupe AG, Belgium's largest insurer.

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Philips reports modest rise

By Laura Raun in Amsterdam

PHILIPS, the Dutch electrical and electronics group, lifted its earnings modestly in the first quarter of 1989.

The company said: "We're on the right path and we have no reason to change our forecast for 1989." Earlier, Mr Cor van der Klugt, president, had forecast that for the year as a whole, Philips would achieve a substantial improvement in net income from normal business operations.

Net income edged up 3 per cent to FI 233m (\$106.1m) in the quarter from FI 217m a

year earlier, boosted by currency factors. Per share earnings were little changed at FI 1.056, up from FI 1.035.

Non-consolidated companies contributed FI 72m to net income, up from FI 16m. Much of the increase was due to Philips' new joint venture in major domestic appliances with Whirlpool of the US, in which Philips has a 49 per cent stake.

Total sales improved by 2 per cent to FI 12,64bn in the first quarter. Operating income fell 11 per cent to FI 611m. Electronic components saw a

small loss due to high development and restructuring costs in integrated circuits. Components were expected to remain in the red for the rest of the year.

In professional products, operating income slipped under price pressure on personal computers. Higher operating income was posted by lighting, which booked buoyant sales of energy-saving lamps, and consumer electronics, where margins widened on compact discs and small domestic appliances.

At home, Amcoal raised its sales to Eskom, the state-owned electricity utility, to 32.7m tonnes from 30.1m tonnes. Mr Boustedt says that though Eskom increased its electricity generation by 5.7 per cent in calendar 1988 its coal consumption of 49.5m tonnes was 2 per cent lower than in 1987 as the utility commissioned several new and efficient coal-fired power stations.

Revlon to buy West German cosmetic group

By Andrew Fisher in Frankfurt

REVLON, the big US cosmetics group, plans to extend its activities in Europe by purchasing Bexco Cosmetic of West Germany, a family-owned company whose medium-priced products are sold under the Bexco, Laura Biagiotti, and Boss names.

As a result of the deal - negotiations should be concluded by the middle of this year - the Frankfurt-based Bexco will end its three-year co-operation agreement with Wella, the quoted hair and body products company based in nearby Darmstadt.

Bexco said its inclusion in the Revlon group would strengthen its international business through access to new markets.

Increase in exports helps lift Anglo American Coal

By Jim Jones in Johannesburg

INCREASED export and domestic sales and higher export prices combined to lift the sales of Anglo American Coal Corporation by 30 per cent in the year to March.

Coal and coke sales rose to 45.5m tonnes, bringing turnover to R1,45bn (\$567.7m) from R1,14bn. Pre-tax profit was R364.2m against R229.9m.

Amcoal is South Africa's largest coal company and the country's largest individual exporter. Mr Graham Boustedt, the chairman, says exports rose 10.7 per cent to 7.2m tonnes. This compares with an increase of only 1 per cent for South Africa's total exports, which rose to 45m tonnes in 1988 as sales were curbed by sanctions and oversupplied world markets.

Mr Boustedt expects rand export earnings to rise further this year with increased volumes and favourable price and exchange rate movements.

He says the company plans to add to its export capacity in the longer term but nevertheless warns that South Africa's export competitiveness is threatened by inflationary cost increases.

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Leumi makes record provision

By Hugh Carnegie in Tel Aviv

BANK LEUMI le-Israel, the country's second biggest bank, yesterday joined Bank Hapoalim in announcing a record debt provision to cover its exposure to the country's debt-ridden kibbutzim movement.

Bank Leumi said it was setting aside Shl 63m (\$47.7m) against bad debts, and as a result reported an inflation-adjusted net loss for 1988 of Shl 202,000, compared with a profit of Shl 201m in 1987.

Taken with the Shl 855m provisions announced by Bank Hapoalim and Shl 145m set aside by Israel Discount Bank,

Japanese buy stake in Groupe AG

By William Dawkins in Brussels

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"Asahi's short-term objective is to increase the size of its foreign investments," the company said.

TDB Amex advances by 12%

By William Dullforce in Geneva

TDB AMERICAN Express, Switzerland's biggest foreign-owned bank, yesterday posted 1988 net earnings of SF79.8m (\$48.4m), an increase of 11.3 per cent over the previous year.

It will pay its parent, American Express, an unchanged dividend of SF35m. With SF37.5m brought forward from 1987, the board has set SF117.3m at its disposal for appropriations. It proposes to allocate SF70m to reserves.

Total assets climbed by SF2.9bn during the year to SF7.3bn. This strong advance was due in part to the merging of the private banking interests of AEB in Switzerland and London with TDB American Express in March 1988.

The rise from SF5bn to SF7.2bn in total client deposits also stemmed in part from the incorporation of the AEB interests, but the board also reports a "most satisfactory growth" in private banking activities at all locations.

After distribution of 1988 profits, the bank's reserves will total SF360m and capital funds SF851m.

Hitachi fails to agree Comparex sale

By Louise Kehoe in San Francisco

HITACHI of Japan and Comparex of West Germany failed to reach an agreement yesterday on the sale of Comparex of the European operations of National Advanced Systems, a unit being shed by National Semiconductor of the US.

NAS is a leading supplier of IBM plug-compatible mainframe computers manufactured by Hitachi Comparex, a European supplier of computer peripherals in the plug-compatible market, is partly owned by

US Markets

IN THE METALS, prices fell in all markets led by heavy selling in the gold and silver, reports Drexel Burnham Lambert. Gold rose to \$550 as stop loss selling weakened the market. Silver fell due to carryover selling from Thursday's decline.

Palladium tumbled from a news article saying that titanium could be a substitute metal. Platinum fell on news that General Motors agreed to acquire NAS from National Semiconductor for \$398m.

At the time Hitachi said that it planned to sell the European operations of NAS to Comparex for about 50 per cent of the total purchase price.

According to Comparex, however, talks with Hitachi ran into difficulties when the Japanese company introduced new terms that would not

make the purchase viable. Comparex said terms just set out by Hitachi would have meant additional tax burden for Comparex that would have added roughly \$100m to the purchase price.

Hitachi said talks were continuing and there was still a chance the deal would go ahead although it would not now be possible to meet Hitachi's goal of completing an agreement simultaneously with the closure of the purchase of NAS from National Semiconductor.

WORLD COMMODITIES PRICES

Table with columns: WEEKLY PRICE CHANGES, Latest prices, Change on week ago, Year High, Low. Includes Gold per Troy oz, Silver per Troy oz, Aluminum, Copper, etc.

Table with columns: LONDON METAL EXCHANGE, Close, Previous, High/Low, AM Official, Carb Close, Open Interest, Ring turnover. Includes Aluminum, Zinc, Lead, etc.

Table with columns: LONDON BULLION MARKET, Gold (one oz price), Silver, etc.

Table with columns: COPPER 25,000 lbs; cents/lbs, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SOYABEANS \$,000 bu; cents/100b bushel, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SPOT MARKETS, Crude oil per barrel FOB, Cuba, Brent Blend, etc.

Table with columns: POTATOES C/tonne, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SOYABEAN MEAL, C/tonne, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: GOLD 100 Troy oz; \$/Troy oz, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: WHEAT \$,000 bu; cents/100b bushel, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: COFFEE C/tonne, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: RUBBER (RSS No 1) \$/tonne, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: LONDON METAL EXCHANGE TRADED OPTIONS, Aluminum (89.7%), Calls, Puts. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: SILVER \$,000 Troy oz; cents/Troy oz, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: LIVE CATTLE 4,000 lbs; cents/lbs, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: CRUDE OIL \$/barrel, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: PROS (Cash Settlement) p/b, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: LONDON FOX TRADED OPTIONS, Coffee, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: COTTON \$/tonne; cents/lbs, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: LIVE HOGS 30,000 lbs; cents/lbs, Close, Previous, High/Low. Includes May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

INTL. Howard All loss...



INTL. COMPANIES

Howard Smith to sell loss-making coal unit to associate

By Chris Sherwell in Sydney

HOWARD SMITH, one of Australia's oldest companies, is to undergo a long-mooted restructuring through the sale of its loss-making coal business to a wholly-owned coal subsidiary...

High metal prices boost Australian mine groups

By Chris Sherwell

TWO OF Australia's largest resource groups, MIM Holdings and North Broken Hill Peko, yesterday reported increased profits for the first three quarters of the financial year...

FOREIGN EXCHANGES

Central banks sell dollars

INTERVENTION BY several leading central banks was only partly successful in controlling the dollar's firm rise...

The dollar is likely to continue to rise. Intervention by central banks yesterday owed much of its partial success to the relatively low trading volume...

The franc's firm rise was underpinned by news that the French trade deficit in March narrowed to FF263m, better than the FF400m shortfall in February...

Investors were content, in the main, to adopt a wait-and-see attitude ahead of the long weekend...

£ IN NEW YORK

Table showing Sterling Index with columns for Date, Last, and Previous Close. Includes data for 1 month, 3 months, 6 months, and 12 months.

CURRENCY RATES

Table showing Currency Rates for various countries including US Dollar, Swiss Franc, Japanese Yen, etc., with columns for Bid, Ask, and Bank.

CURRENCY MOVEMENTS

Table showing Currency Movements with columns for Currency, Bank, and Change %.

OTHER CURRENCIES

Table showing Other Currencies including Argentine, Australian, Canadian, etc., with columns for Bid, Ask, and Bank.

FORWARD RATES AGAINST STERLING

Table showing Forward Rates Against Sterling for various currencies and terms.

UK EXPORTING BANKS LEADING RATES

Table showing UK Exporting Banks Leading Rates for various banks and currencies.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing for various currencies and terms.

NEW YORK MONEY RATES

Table showing New York Money Rates for various currencies and terms.

LONDON MONEY RATES

Table showing London Money Rates for various currencies and terms.

STERLING INTER-BANK RATES

Table showing Sterling Inter-bank Rates for various banks and terms.

BOARD OF DIRECTORS

Table showing Board of Directors for various companies.

CURRENCIES, MONEY AND CAPITAL MARKETS

FTSE 100

Table showing FTSE 100 index with columns for Date, Last, and Previous Close.

FTSE 250

Table showing FTSE 250 index with columns for Date, Last, and Previous Close.

FTSE 1000

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LEGAL NOTICES

LAFARGE COPPE

A French Limited Company with an Authorized Capital of FF 1,294,866,900. Head Office 28 rue Emile...

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN to holders of convertible bonds 6 1/2% 1989/1997...

NOTICE OF MEETING

Approval of the waiver by the shareholders of their preferential subscription right...

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COLOMBIA

The Financial Times

proposes to publish this survey on:

23 MAY 1989

For a full editorial synopsis and advertisement details, please contact:

NIGEL BICKNELL

OR

01-873 3447

or write to him at:

Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES

GROUP'S BUSINESS DEVELOPMENT



WORLD STOCK MARKETS

NEW YORK (3 pm)

Table of New York stock market data including various indices and individual stock prices.

April 28 1989

Table of stock market data for April 28, 1989, including various indices and individual stock prices.

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NEW YORK DOW JONES

Table showing Dow Jones Industrial Average and other indices for New York.

INDICES

Table showing various international stock indices.

NEW YORK DOW JONES

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NEW YORK ACTIVE STOCKS

Table listing active stocks in New York with their respective prices and changes.

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Notes and disclaimers regarding the data provided in the tables.



WORLD STOCK MARKETS

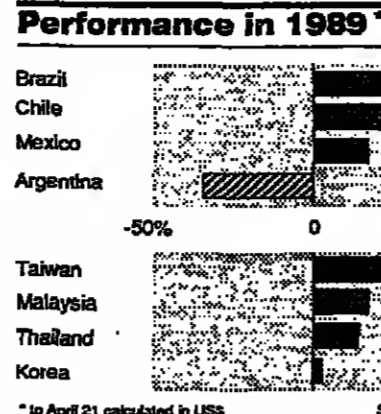
Giants and dwarves people the obscure realm of emerging markets

WHICH of the world's stock markets has the largest number of listed companies after the US, Japan, perhaps? Or the United Kingdom? The answer is India, which boasts a staggering 6,000 domestic companies on its 14 stock exchanges - not far short of the 6,800 quoted in the US, and way ahead of the UK's 2,054 and Japan's 1,571.

with Italy, the Netherlands, Sweden and South Africa. At the other end of the scale, Kenya's capitalisation stands at just \$24m. Taiwan also occupies the top of the tree in valuation terms, with a price/earnings ratio of 40.2 - 15 times that of Turkey which rates a multiple of only 2.6.

Developing exchanges show a wealth of unexpected extremes, as highlighted by a new study. Alison Maitland delves into it

runners-up South Korea, up 116 per cent, and Mexico, 108 per cent higher. Just behind came Taiwan, which would have improved on its 99 per cent rise if an unfortunate blip in the autumn had not wiped nearly 40 per cent off the index. Thailand arrived in fifth place with a 43 per cent rise.



\*As April 21 calculated in US\$ Source: IFC Emerging Markets Data Base

Mr Tony Ewell of Corporate Broking Services, specialists in emerging markets in Europe and Latin America, recommends at least some profit-taking. "Nothing goes straight up and, if it does, it's going to come straight down. This sort of market action is frightening... a correction is overdue."

Such spectacular achievements, however, induce caution among foreigners. Liquidity could shrink as the US economy slows, and there is concern about market regulation, although the authorities are taking steps to halt malpractices.

blue chips by ownership limits, are now starting to look at second-liners. Mr Katz sees the market index rising a further 20 per cent this year.

The South Korean market has been dampened by labour unrest, high wage demands and the Government's issuance of monetary stabilisation bonds to banks to mop up liquidity.

AMERICA

Firm bonds help Dow stay steady

Wall Street THE US equity market spent a quiet day yesterday, struggling to defend gains made during Thursday's sharp advance. writes James Buchan in New York.

steeper than Wall Street's forecast of 0.5 per cent, kindled new hopes that inflation is on the way down and caused interest rates to drop. The benchmark Treasury 30-year bond rose as much as 1/4 percentage point, though it fell back later amid scepticism about the value of the report.

1.7m shares. United Technologies, a strong performer in Thursday's rally, fell back 3/4 to \$61. Union Pacific, which rose sharply on the announcement of a restructuring on Thursday, fell 1/2 to \$70 1/2 yesterday morning.

in Cineplex that it did not yet own. At present MCA, the West Coast entertainment group, owns a big block of voting stock.

EUROPE

Copenhagen climbs past 300 level

DANISH stocks reached new heights in otherwise fairly quiet pre-holiday trading in Europe. writes Our Markets Staff. COPENHAGEN had a sparkling session, with foreign and domestic investors stepping up their buying to send the stock exchange index above 300 to an all-time high. It closed up 3.42 to 303.33 in active turnover.

ton. Electronique Serge Dassault jumped FF23.40 to FF300 on its FF1bn contract from the Belgian airforce. The opening CAC General index was up 10.6, or 2.3 per cent, at FF468.4 and by the close the CAC 40 index was 6.98 higher at 1,680.85 and the OMF 50 index up 2.10 at 478.74.

Hoesch rose DM2.30 to DM247.50 after raising its dividend to DM5.00. ZURICH was buoyed by the positive corporate results scene, rising by about 0.6 per cent, with banks boosted by government plans to abolish the stamp tax on foreign bond transactions.

with the general index rising 0.99 to 297.29. MCA edged up in quiet pre-holiday trading, with the Comit index rising 1.47 to 613.00. Olivetti, reporting a 11.4 per cent fall in consolidated net profit, lost L20 to L9,245.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Thursday April 27 1989, Wednesday April 26 1989, Dollar Index, and Year ago. Rows list various countries like Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. SA, World Ex. Japan, and The World Index.

Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987. Latest prices were unavailable for this edition. Consistent change: April 28: name change: Schweizerische Kreditanstalt to CS Nidco (Switzerland).

ASIA PACIFIC

Nikkei peaks again on prices data

Tokyo THE ANNOUNCEMENT of a lower-than-expected rise in Tokyo's consumer price index removed concerns of an imminent increase in the official discount rate and led to renewed buying, which pushed shares to yet another record high, writes Michio Nakamoto in Tokyo.

cent, which was well within expectations and was seen as unlikely to trigger an immediate rise in the official discount rate.

added Y60 to Y2,550. Precision stocks were also selected as laggards with good earnings prospects. Canon, with a price earnings ratio of 41 - below the first section average - added Y40 to Y1,610.

ended higher. AUSTRALIA had a busy session, as Wall Street's strength inspired demand, especially for leading industrial stocks. The All Ordinaries index rose 30.8 to 1,500.7, with both foreign and domestic investors actively buying.

Consolidated Gold Fields PLC SHAREHOLDER LINE For an important new message to all Consolidated Gold Fields shareholders TELEPHONE 0800 444 999 (AT NO CHARGE TO YOU) Telephone-free of charge - on 0800 444 999 to receive your Board's further statement in relation to the takeover bid by Minorco.



LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tailsman system.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53S(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ‡ Bargains done the previous day.

Commercial Bank of New East PLC (25p) ... London County 3 1/2 ... British Sugar PLC 10 1/4 ...

UK Public Bonds ... Agricultural Mortgage Corp PLC ... British Telecom PLC ...

Foreign Stocks, Bonds, etc. (coupons payable in London) ... Anglo-Japanese Bank Ltd ...

Registered Housing Associations ... North London Housing Association ...

Commercial, Industrial, etc. ... Associated British Foods PLC ...

Sterling Issues by Overseas Borrowers ... Asian Development Bank ...

Bank of Valparaiso ... Banco de Chile ...

Bank of Mexico ... Banco de los Estados Unidos Mexicanos ...

Bank of the Republic of Colombia ... Banco de la Republica ...

Bank of the Republic of Cuba ... Banco de Comercio Exterior ...

Bank of the Republic of Ecuador ... Banco del Ecuador ...

Bank of the Republic of El Salvador ... Banco de Comercio ...

Bank of the Republic of Guatemala ... Banco de Guatemala ...

Bank of the Republic of Honduras ... Banco de Honduras ...

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The Third Market Appendix ... No. of bargains included 148 ...

Plantations ... Anglo-Eastern Plantations PLC ...

Railways ... London & South Western Railway ...

Shipping ... British Overseas Airways ...

Utilities ... British Gas PLC ...

Water Works ... Thames Water PLC ...

Unit Trusts ... Fidelity International ...

Mines - Miscellaneous ... Anglo-American ...

Mines - South African ... Anglo-American ...

Property ... Anglo-American ...

Insurance ... Anglo-American ...

Investment Trusts ... Anglo-American ...

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LONDON STOCK EXCHANGE

Early gains trimmed in active session

THE UK stock market jostled with the year's high points in another busy trading session yesterday but soon lost most of its early gains as the leading securities houses balanced their trading positions ahead of the extended weekend break in the UK.

The session opened with a rush as London responded to the renewed advances in Tokyo and New York. Also kindling excitement was a buying programme from a US securities house, believed at first to be worth around \$50m across the London equity market.

to a programme "much smaller than that (ESM) - and some sources believed that a buying programme had been swiftly reduced when it met a market resolutely unwilling to sell. The FT-SE raced up to 2,134.9, a new 1989 trading peak, within minutes of the Sca opening, but as quickly lost momentum when sellers refused to sell and buyers backed off.

With the market in a consolidation phase yesterday, there were relatively few special situations. Unilever, heavily traded this week both in London and, in NV form, in Amsterdam, fell in heavy turnover after announcing the termination of plans to buy Fabergé/Elizabeth Arden. The London market had seen the deal as potentially very benefi-

cial for the Anglo-Dutch foodstuffs and detergent group, and traders took a cautious view of its abandonment. There was little activity in the market's two most significant bid situations. Becham shares continued to trade around recent levels, reflecting the market's satisfaction with the present valuation imposed by the planned merger with SmithKline Beckman of the US. Shares in Consolidated Gold Fields gave ground, but once again, turnover was very thin as the institutional holders of the shares waited for developments on either side of the Atlantic.

Unilever loses the scent

Unilever were swept lower by the announcement that the deal to buy Fabergé/Elizabeth Arden had touched 56p but closed at 54p, a net fall of 10. Turner was a brisk 4.7m shares. Analysts were sanguine. Mr Michael Landymore, at Henderson Crosthwaite, said there were no short term earnings implications. "And it can't have escaped the market's attention that Becham's cosmetics business will be up for sale shortly," Becham is due to merge with SmithKline Beckman of the US and a sell-off of non-pharmaceutical interests is likely.

Mr John Campbell of Prudential echoed those thoughts. He pointed out that any effect on projected 1990 earnings should imply a fall of only 5 in the share price. "The rest of the weakness is bad sentiment," he said that Unilever's refusal to pay too high a price was evidence of the company's shrewdness, and pointed out other opportunities in the US. "There are plenty of US food companies that would make a good product fit with Unilever." He singled out Campbell Soup, parts of Beatrice, Nabisco or SmithKline as potential targets. By the end of trading, talk of such purchases had spread around the market and the closing price was 2 off its low point.

Enterprise Oil shares saw a recent continuation of recent market stories that two other interested parties have exercised their pre-emption rights over Enterprise's proposed purchase of the UK North Sea assets of Texas Eastern. Enterprise shares closed 3 lower at 53p, after 53p. Enterprise Oil announced its plan to acquire the assets, along with "other exploration and production assets for \$1.5bn on March 1. The UK assets account for almost \$1bn of the purchase. But British Gas and Amerasia Hess said yesterday they would exercise their rights which relate to a clause dating back to 1985.

Analysts said the deal was now back in the melting pot with negotiations between all the interested parties expected to take place as soon as possible. But Enterprise announced yesterday that it expected to call on shareholders for the 10p on the stock units issued via a rights to pay for the purchase. "They must be confident of eventually getting the assets

or they wouldn't have asked for the 10p; but the whole thing is legal mess and extremely complicated," said one analyst.

The last loose ends of the Carand/MB Group/Elders saga were tied up when a block of 16 2/3m shares was transferred by Warburg Securities to Mercury Asset Management from the French holding company CGIP. This tranche had been sold by Elders to the French company in a green-alternative operation earlier this month. CGIP, like MB Group, has a 25 per cent stake in the new CMB operation which encompasses both company's packaging operations. Yesterday's stock transfer was sold around the 20p level which Warburg was offering the shares during the day. The price eventually settled at that price, a penny below the opening. Seag registered a turnover of 35m shares.

With Newmont Mining determined to continue its legal resistance to Minorco's bid, and no sign of an extension in the UK takeover panel deadline, Consolidated Gold Fields and another bid for the shares lost 20 to 130p, the level regarded by the market as a reasonable trading price on fundamental grounds, even if the Minorco bid fails to clear the May 17 deadline, which would put it out of play for a year. A mere 463,000 Gold Fields shares traded yesterday, a further indication that the major institutional holders, effectively locked in until the bid situation resolves itself, are not unhappy with the current share price. Some believe that

Racal Telecom, whose outstanding share price performance since the flotation last year has been partly responsible for the re-rating of Racal Electronics, attracted profit-taking and slipped 8 to 35p. Two textile majors closed the week on a high note. Courtaulds nudged forward a few more points, taking the gain over the five days to 18 at 32p, still buoyed by speculation of stakeholding exercises leading to a possible bid. Royal Mansiehl equalled the highest point this year of 128p, up 2. Mr Donald Anderson of Hoare Govett believes the current price represents an even balance of risk and reward, although he expects Australian Mr Abraham Goldberg to progress from a 24 per cent stake to a 25 per cent stake in the present state of the market it would seem likely that an offer of around 15p, an exit multiple of 13.6, would succeed," said the researcher.

Beazer, the international building group, were pushed ahead to 20p before easing back to close little changed on the session at 20p. Swiss Bank Stockbroking carried with a strong buy recommendation yesterday after a seminar and lunch with Mr Brian Beazer, the chairman and chief executive of the group. Mr Richard Hopewell, building analyst at Swiss Bank, rates Beazer shares a short term and fundamental buy, citing the low p/e, healthy asset backing and good prospective earnings growth. Creston, which has a 44 per cent stake in Ex-Lands jumped 6 more to 80p. Empire Stores fell foul of a bearish circular, this one from Smith New Court, which has lowered its profit forecast for the current year from 57.5m to 58m. The knock-on effects of last year's postal dispute, plus current poor trading conditions were to blame for the downgrading. Empire ended 10 weaker at 180p. Burton also dropped with the sector, closing a touch lighter at 21p, this in spite of a buy recommendation from Nikko Securities. Mr David Robinson of Nikko, who lunched with Sir Ralph Halpern yesterday, is highlighting Burton's "aggressive approach to increasing market share and their successful contestable strategy across the most profitable consumer clothing markets."

Next cited 2 to 14p after Mr George Davies, the former chairman, unveiled his new operation; he is setting up a new company with supermarket retailing potential of "out-of-town clothes shops". Dinos, still damaged by a BZV downgrading, fell a further 3 to 14p; volume of 9.3m shares was boosted by the placing of a line of 3.5m with a variety of institutions by Citicorp Scrimgeour Vickers. The biggest turnover in electronics, outside of Racal,

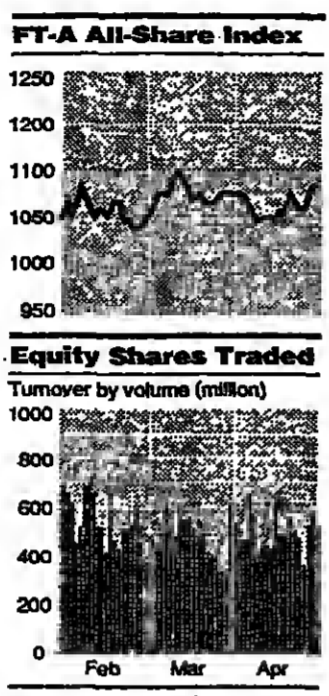


Table with 2 columns: Share Name, Price Change. Includes entries like Unilever, Enterprise Oil, Racal Telecom, etc.

Table with 2 columns: Share Name, Price Change. Includes entries like British Petroleum, Industrial Shares, etc.

COMMODITIES

WEEK IN THE MARKETS

Base metals suffer ups and downs

IT HAS been a week of ups and downs for the major base metals on the London Metal Exchange - good for traders but not so appreciated by consumers and producers. Nickel soared on Monday after Outokumpu, the Finnish mining and metals group, declared force majeure on deliveries because of a week-end explosion at its Harjavalta smelter. News that stocks in LME warehouses had fallen more than expected (down 648 tonnes to 2,412 tonnes) added to the upward thrust. Cash nickel added \$750 to close at \$16,800 a tonne. Outokumpu said that an explosion and fire at the smelter's oxygen plant had interrupted production of both copper anodes and nickel cathodes. Production will not be back at full capacity for at least three months. The smelter produces about 50 tonnes of nickel a day, half of which goes to the group's own stainless steel operations. Monday's high prices attracted some keen sellers of surplus metal, according to traders, who believe many consumers are well covered for their immediate requirements. Another influence bearing down on the price this week has been persistent sugges-

tion from traders of a veritable flood of nickel into Rotterdam from the Soviet Union. On Tuesday the market fell right back again, and during trading on Wednesday three-month prices were for a time below the \$15,000 a tonne level. At the close yesterday cash metal was \$15,150 a tonne, down \$700 on the week. Adding further bearish pressure yesterday was news that office and technical staff at Falconbridge's Sudbury, Ontario, plant will be voting on Monday on a new labour contract which was being accepted by the union. Copper prices have also been erratic, and London prices have once again been strongly affected by moves on New York's Comex. One trader summed the situation up on Tuesday when he said the market appeared to be performing like a "headless chicken" in the absence of fresh major market-moving factors. Traders have been watching the oil off strikes in mines across Peru, but even the national shut-down strike got off to a slow start on Thursday and most operators are still looking for definite signs of disruption to supplies before taking fresh market positions. Cash copper closed yesterday

at \$1,809 a tonne, up 21p. Aluminium prices strengthened towards the end of the week amid concern about the docks strike in Brazil and the threat of a general strike in Venezuela - both countries are major aluminium exporters. But three-month prices were unable to break the \$2,200 level as "there is very little fresh physical business at these levels," one trader said. Three-month metal closed yesterday at \$2,182.50, a rise of \$60 on the week. The Brazilian strike has also affected the week's movements in the coffee price. Robusta futures jumped in London on Wednesday on news of the strike, but on Thursday prices retreated as some dealers, fearing that the market could drop sharply if the strike was resolved, liquidated their long position. Yesterday the Brazilian courts ruled that the strike was illegal, but several ports were reported to be still on strike. London's July robusta contract closed yesterday at \$1.109, a fall of \$4 on the week. The massive oversupply of cocoa in the world pushed prices further down this week, although, as one trader remarked, there is nothing new in it. London's July contract ended the week down £18 a

tonne at \$744 a tonne. The sugar market has been choppy for some time, and all eyes yesterday were on the expiration of the May raws futures contract. Sucres et Denrees, the French trade house, was widely expected to take delivery of up to 1m tonnes from both London and New York for sale on to the Soviet Union. The London contract expired at 12.30pm yesterday, and it turned out that Sucres had taken delivery of 2,545 lots, or 127,250 tonnes. The New York May contract was due to expire later yesterday, and Sucres was expected to take delivery of a much larger tonnage. The large take-up of delivery is seen as generally supportive of prices, and will clarify how much sugar is available for nearby shipment. However, the London Daily Price for raws fell \$10.40 to \$229 a tonne during the week. On the London bullion market yesterday the gold price broke out of its recent narrow trading range to fall \$5 to \$378.25 an ounce. The initial downturn reflected weakness in the silver market, but a lower opening in New York hastened the decline. David Blackwell

occurred in British Telecom where nearly 7m were traded. But the shares could make little headway, closing only 2 higher at 26p. Stories that a joint venture deal with West Germany's Siemens regarding computer subsidiary ICL, could be on the cards continued to buoy STC shares which edged up to 32p; "With everything that is going on in the European electronics industry that sort of deal would obviously be the way forward; they are rumoured to be talking and it would be surprising if they weren't," said one analyst. Turnstall were a major casualty, plummeting 40 to 26p after the sharp contraction in preliminary profits, but IRI rose 5 to 23p in busy trading. Smith New Court said it had dealt with 75 per cent of the 2m shares traded. Once again there was good turnover in Hillsdown, with 8.7m shares changing hands as the price edged 3 higher to 27p. The bulk of the recent business appears to have its origin in the 62.5m shares sold into the market at 25p by Mr David Thompson, the former chairman of Hillsdown, on April 6. Dealers said that a good deal of that stake ended in less than solid hands, and it appears that investors who bought the stock decided this week to take the 15p premium and sell their holdings. Cadbury Schweppes were also a firm market, the shares climbing 8 1/2 to 35p in thin trade amid reports of heavy buying of the May 360 call options. Producer and wholesaler J England scared 18 to 13p on the news that Barlow Clowes had sold its 29.9 per cent stake in the group to Unwin Holdings for 102p. Among retailers interest in

LEADERS AND LAGGARDS

Table showing percentage changes since December 30 1988 based on Thursday April 27 1989. Includes categories like Transport, Health & Household Products, Building Materials, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns for Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, etc. Includes sub-section for S.E. ACTIVITY and a table for DAY'S HIGH and LOW.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including Astra, British Telecom, etc. Columns include Stock, Volume, Change, etc.

Asda and Gateway tailed off slightly, the former ended unchanged at 16p on turnover of nearly 6m shares and the latter closed a shade higher at 191p on turnover of 7.1m shares. Fisons gave up 7 to 30p on fears that it would be prevented from selling pentamidine in the US. The FDA ruling is on Monday. News that Laklaw's participation had increased its stake in ADT to 24.1 per cent boosted the latter 4 to 175p. Turner was 5.2m shares. The stories would not go away of Armstrong Equipment being eyed by a predator and the shares closed showing a rise on the week of 22 at 15p. Caparo Industries, the 13.8 per cent shareholder which last year helped Armstrong fend off a bid from Wardle

Stores, was considered the most likely bidder. ERI Group responded to broking house "buy for long-term growth" recommendations, rising 7 to 24p, while expansion hopes generated further interest in Western Motor, finally 27 dearer at 65p. Reed International staged another of its periodic runs accompanied by revived speculation of an impending management buyout. The buoyancy in the shares began late the previous session and the pace warmed yesterday to leave the price 12 up at 40p. "When they (the shares) rise, it's a prospective mbo and when they fall it's an imminent large acquisition," said a leading trader. DRG also surged higher with marketmakers pointing to an aggressive buyer taking the

view that the shares were undervalued. They closed 16 up at 44p. Alva were notable among investment trusts, rising 29 to 270p, following a little publicised announcement that ERI intended to substantially increase its current shareholding of 13.78 per cent. The trust also said that net asset value was now equivalent to 30p per share compared with the end-February figure of 26p. The beleaguered London United, hammered on Wednesday and Thursday after news of problems with its US subsidiary, slumped 5 more to 70p, leaving the stock a massive 5 1/2 down on the week. Other market statistics, including the FT-Accuaries Share Index, Page 9

BENCHMARK GOVERNMENT BONDS

Table with columns for Coupon, Red Date, Price, Change, Yield, Week ago, Month ago. Includes entries for UK GILT, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

APPOINTMENTS

Fisons senior post: Fisons has appointed Mr D.L. Triggs as chairman of the horticulture division. He was president of Fisons Western Corporation, the division's North American business. He succeeds Mr J.F. Valentine who is resigning on May 19 to become group managing director of Southern Water Authority. Robert Cubitt Holdings, Ipswich, has appointed Mr Peter Coppinger, formerly an executive director, as a director. Mr Peter Tarling becomes a director of G.C. Hammond. He was an executive director. Mr Bill Wright has been appointed managing director of CONSOLIDATED MICROVISION. He was managing director of Harris/3M. PLM REDEFEARN GLASS has appointed Mr Duncan Penn as production director. Mr Stan Wray as technical director. Mr Des Hewitt as engineering director, and Mr Fred Davie as commercial director. Combined Actuarial Performance Services, Leeds, which monitors 2,000 pension funds, has appointed Mr Laurence Flasher as financial controller and production manager. Mr Alan Taylor has joined SWISS BANK CORPORATION, London, as director of global

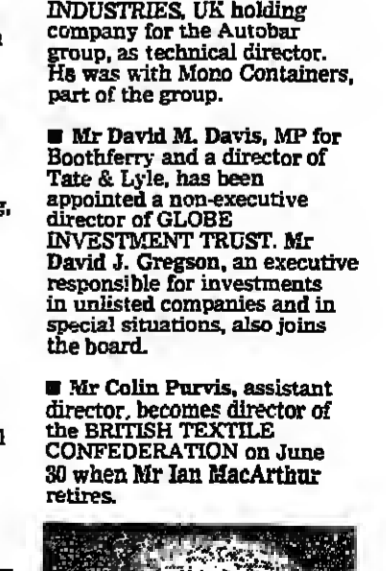


Mr John Hooper (above) has been appointed non-executive chairman of the ABBEYGATE GROUP, Leicester. He was deputy chairman of Buro Industries.

Joining Bremner board

Mr Michael J. Bracegirdle and Mr David Flint have been appointed to the board of BREMNER. Mr Bracegirdle, 35, is a multimillionaire industrialist with substantial commercial and property interests in Scotland which include construction, civil engineering, property development and investment, food processing and food support services. Last year he saved the Scottish company Lafferty Construction with a multi-million pound rescue package, saving 600 jobs through his company, W.J. Hart (City). Mr Bracegirdle is one of the biggest individual shareholders in Bremner. Mr Flint, 38, is a partner in the Scottish law firm MacRoberts, specialising in corporate law. Wickes has appointed Mr Trevor Llewellyn as group finance director. He was finance and administration director of Dixons Stores Group, and succeeds Mr Andrew Mills-Baker who is leaving the company. John Hemming & Co has appointed Mr John Ronth as finance director, who joins from Peat Marwick McLintock, and Mr Lee Gribling as sales director, who joins from Hoskins Group. PA CONSULTING GROUP has appointed Dr Keith Ridler as chief executive of its

technology division. He was director of engineering, and succeeds Dr Ken Macrae, head of PA's Cambridge laboratory, who is retiring in June. Mr Ron Kelly has joined the board of AUTOBAR INDUSTRIES, UK holding company for the Autobar group, as technical director. He was with Mono Containers, part of the group. Mr David M. Davis, MP for Boothferry and a director of Tate & Lyle, has been appointed a non-executive director of INVESTMENT TRUST. Mr David J. Gregson, an executive responsible for investments in unlisted companies and in special situations, also joins the board. Mr Colin Purvis, assistant director, becomes director of the BRITISH TEXTILE CONFEDERATION on June 30 when Mr Ian MacArthur retires.

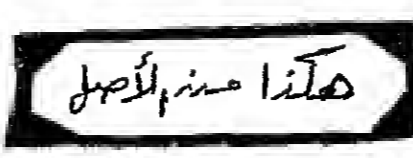


Mr J. Raymond Johnstone (above) has been elected chairman of SCOTTISH FINANCIAL ENTERPRISE, Glasgow, succeeding Sir Thomas N. Risk, who remains on the board.









FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. The table is organized into multiple columns and includes various sub-sections like 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts such as 'Winter Trust', 'Wright Selman Fund', 'The Yorkshire Unit Trust', and 'Other UK Unit Trusts' with their respective prices and yields.

INSURANCES

Table listing insurance-related unit trusts including 'AA Priority Select', 'Abney Life Assurance', 'Admiral Management Ltd', and 'Athena Life Insurance Co Ltd'.

Table listing unit trusts from various providers including 'Allied Dunbar Assurance Plc', 'City of Edinburgh Life Assurance', 'Densmore Life', and 'General Accident Life Assurance'.

Table listing unit trusts from providers such as 'Asiaworld GENERALISA', 'The LAS Group', 'Graham Unit Assurance Ltd', and 'Eagle Star Assurance Co Ltd'.

Table listing unit trusts from providers including 'Irish Life Assurance Co Plc', 'M & G Life and M & G Pension', 'NEL British American Co Ltd', and 'MGM Assurance'.

Table listing unit trusts from providers such as 'National Financial Management Corp PLC', 'National Mutual Life', 'National Provident Institution', and 'Norwich Union Life Insurance Sec'.

Continued on next page



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Main table containing unit trust information with columns for Name, Price, and Yield. Includes sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNSEY (SR RECOGNISED)'. The table lists numerous unit trusts such as 'Premier Life Assurance Co Ltd', 'Scottish Equitable Life Assn. Sec.', and 'Royal Bank of Canada Funds'.

Johnnie Lito





FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

Table of London Share Service, divided into 'BRITISH FUNDS' and 'AMERICANS'. Includes sub-sections for 'BRITISH FUNDS - Contd', 'INT. BANK AND O'SEAS', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', and 'LOANS'. Includes a 'Public Board and Int.' section.

Table of Money Market Trust Funds, listing various trust funds with columns for Name, Price, Yield, and other financial metrics. Includes a 'Money Market Bank Accounts' section.

UNIT TRUST NOTES: Prices are in pence unless otherwise indicated. All prices are subject to change without notice. For more information, contact your broker or the relevant fund manager.



LONDON SHARE SERVICE

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CANADIANS

Table of Canadian share prices including companies like Alcan, Inco, and various banks.

BUILDING, TIMBER, ROADS

Table of share prices for building, timber, and roads sectors.

ELECTRICALS

Table of share prices for electrical companies.

ENGINEERING - Contd

Continuation of engineering share prices.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial share prices.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial share prices.

BANKS, HP & LEASING

Table of share prices for banks, hire purchase, and leasing companies.

CHEMICALS, PLASTICS

Table of share prices for chemicals and plastics companies.

ENGINEERING

Table of share prices for engineering companies.

FOOD, GROCERIES, ETC

Table of share prices for food, groceries, and related sectors.

INDUSTRIALS (Misc.)

Table of share prices for various industrial companies.

INDUSTRIALS (Misc.)

Table of share prices for various industrial companies.

Hire Purchase, Leasing, etc.

Table of share prices for hire purchase and leasing companies.

DRAPERY AND STORES

Table of share prices for drapery and stores companies.

ENGINEERING

Table of share prices for engineering companies.

HOTELS AND CATERERS

Table of share prices for hotels and caterers.

INDUSTRIALS (Misc.)

Table of share prices for various industrial companies.

INSURANCES

Table of share prices for insurance companies.

BUILDING, TIMBER, ROADS

Table of share prices for building, timber, and roads sectors.

BUILDING, TIMBER, ROADS

Table of share prices for building, timber, and roads sectors.

ENGINEERING

Table of share prices for engineering companies.

INDUSTRIALS (Misc.)

Table of share prices for various industrial companies.

INDUSTRIALS (Misc.)

Table of share prices for various industrial companies.

INSURANCES

Table of share prices for insurance companies.

LEISURE

Table of share prices for leisure companies.

Johnnie Lito



LONDON SHARE SERVICE

Latest Share Prices are available on FT CitiLine. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2125

LEISURE - Contd

Table of share prices for Leisure sector including companies like Leisure World, Leisure World, Leisure World, etc.

PROPERTY

Table of share prices for Property sector including companies like Property, Property, Property, etc.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, and Land sectors including companies like Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like Oil and Gas, Oil and Gas, Oil and Gas, etc.

MINES - Contd

Table of share prices for Mines sector including companies like Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades sector including companies like Motors, Aircraft, Motors, etc.

TOBACCO

Table of share prices for Tobacco sector including companies like Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land sectors including companies like Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Overseas, Overseas, Overseas, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, Plantations, Plantations, etc.

THIRD MARKET

Table of share prices for Third Market sector including companies like Third Market, Third Market, Third Market, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers sector including companies like Newspapers, Publishers, Newspapers, etc.

SHIPPING

Table of share prices for Shipping sector including companies like Shipping, Shipping, Shipping, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like Shoes, Leather, Shoes, etc.

OIL AND GAS

Table of share prices for Oil and Gas sector including companies like Oil and Gas, Oil and Gas, Oil and Gas, etc.

FINANCE

Table of share prices for Finance sector including companies like Finance, Finance, Finance, etc.

REGIONAL & IRISH STOCKS

Table of share prices for Regional and Irish Stocks sector including companies like Regional, Irish, Regional, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, and Advertising sector including companies like Paper, Printing, Advertising, etc.

SOUTH AFRICANS

Table of share prices for South Africans sector including companies like South Africans, South Africans, South Africans, etc.

TEXTILES

Table of share prices for Textiles sector including companies like Textiles, Textiles, Textiles, etc.

AUSTRALIANS

Table of share prices for Australians sector including companies like Australians, Australians, Australians, etc.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options sector including companies like Traditional, Options, Traditional, etc.

PROPERTY

Table of share prices for Property sector including companies like Property, Property, Property, etc.

This service is available to every company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.







## Trying to break free

On Cup final day, Nick Garnett describes the gritty reality of professional rugby

THREE MILES from turn-off 32 on the M62 cross-Pennine motorway lies a small community still suffering a nasty hangover from the social convulsions of 1986 Britain. Fast new, slab-sided and windowless, the pit shovelled into history after the 1984 strike. Consumer-boom Thatcherism has sidestepped Featherstone. Jobless men push prams with their wives on a mid-morning weekday. A huge video shop caters for the enforced idle. Small shops sell cheap bric-a-brac on flimsy pavement-side tables. A two-bedroom unmodernised terraced house is for sale in the Halifax Building Society window for £7,000. The poster at Big Time Bingo says: "Win a holiday in Caister (half board), tickets 45p."

In Featherstone, the facet of life that has not taken an elbow in the face is rugby league: northern cultural oddity, vibrant, nationally televised sport, and a focus for the parochialism, class-riven bitchiness and regional divisions that still cling like a limpet to remaining society in Britain. Housed in a neat little ground at the bottom of Post Office Road, Featherstone's gates have doubled in the past year to more than a third of the town's population of 12,000. "Featherstone hasn't got much else left other than the Rovers," says club secretary Terry Jones. "It's the centre of everything." Last weekend, the little club knocked big-spending Leeds out of one of the game's major cups.

Miners used to fill half of Featherstone's first squad, bodies muscled from parking at the coal face, clothed in the club's antique-style blue-and-white hooped strip. "All you had to do was shout down the mine shaft and they would send up a couple of forwards in the shaft cage," Jones recalls. "Those days are hazy. Only two face workers from the big drift mines further north are now on the club's books. The town remains nonetheless a bastion of small-scale northern life portrayed in *This Sporting Life*. David Storey's abrasive novel about rugby league.

Across the Pennines, Wigan, the game's richest team — they play St Helens in today's Wembley final — has the jauntiness that comes with big gates and big money. Players are arriving for training at Central Park. A white Audi coupe with a black body kit swoops into the club car park. A large man, not tall but with a massive upper torso draped in leather bomber jacket, steps out and walks, nimble-footed, to the club entrance. Behind Miami Vice sunshades he nods to some autograph hunters and disappears into the clubhouse. Adrian Shefford, a distant cousin of Wayne Shefford, the New Zea-



Left: Martin Offiah, the "fastest thing in football boots." Above: Wigan v Widnes. League is no longer a brutal type of formation mugging played by beer barrels

land All Black rugby union captain, is one of a large number of highly-paid Antipodean mercenaries in British rugby league. Like so many of them, Shefford's dusky skin testifies to the cauldron of inter-races breeding in the South Pacific, a mass of Tongan grandfathers, Aboriginal great-grandmothers, Maori fifth cousins.

Clad in blue, skin-tight speed suit, Shefford cruises through his training schedule. Halfway through, Wigan's black captain, Ellery Hanley, arrives late, a brilliant natural footballer, with the classic thick-thighed, narrow-ankled legs of the trader in strength and speed. Hanley rehearses manoeuvres for the following day's game, disdaining even to shed his designer track suit, and leaves the field with a swagger. The Leeds-born player is on a £80,000-a-year contract with Wigan, plus sponsorship. He will earn £3,000 a match playing in Australia during the short close season. *The News of the World* has just done a number on the Wigan star concerning a certain disputed paternity suit. "I'm sorry but Ellery is not talking to the press," says Maurice Lindsay, Wigan's short, ebullient, millionaire chairman.

Wigan spent £1m on big-name players between 1984 and 1986. A car park and training ground is being sold to developers for £2.5m, the money to be ploughed back

into a new stand, private boxes and corporate entertainment suites. But money does not always save reputations. Vaseline on legs rubbed down with oil, lightweight body armour strapped to chest, Wigan trot out onto the field at Widnes the next day and suffer a right pasting. The Cheshire chemical town retains the championship in front of a capacity 18,000 crowd. Martin Offiah, a black speed freak with a small head perched on a bull neck atop a long sinewy frame, buries Wigan with his eighth leg-trick of tries of the season. Rather unloved by the union hierarchy as an amateur player at Rosslyn Park, London, Offiah has taken two seasons in rugby league to become the world's most devastating finisher, his tries always topped off by a crowing, arm-raised appeal to devoted supporters.

"Offiah has some weaknesses, but he is the fastest thing I have ever seen in football boots," says Darryl van de Velde, an Australian who is on a three-year coaching contract at the Yorkshire club, Castleford. "There is no-one in Australia can live with that pace." The young British student is earning an extra £50,000 in Sydney during the close season to try to prove it. The Wigan-Widnes game reflected the way rule changes have reshaped rugby

league and the physical appearance of the semi-professional players who ply their trade in it. Once a brutal type of formation mugging played by beer-gutted barrels with a few light-legged greyhounds thrown in, it is now a game of constant movement. Forwards are shorter, lighter and faster, the slow-moving tube killed off as a species. The backs have got bigger, developing upper bodies like forwards. Two of Wigan's sprinters weigh more than 16 stone.

In the past few years change has been injected from outside with the arrival of Australian and New Zealand coaches introducing advanced methods of training and planning, some lifted from American gridiron football: the colonials schooling a jaded mother country.

Van de Velde lives just outside Castleford. "I didn't come here for the scenery". He watches a vast number of matches on video every week, providing detailed written breakdowns on tackle counts and performance failures to players at Castleford's large tin bowl of a ground. Graham Lowe, Wigan's New Zealand manager, uses a computer to produce the same type of information. British coaches, like the inspirational Alex "The Mouth" Murphy at

St Helens, continue to represent the laissez-faire style of coaching, but the game is altering fast. "It has changed out of all recognition in Britain and the top clubs are as good as those in Australia, but the projection of the sport is so poor here that people don't realise it," says Lowe.

The most exhausted-looking man on the Widnes side was Jonathan Davies, the Wales rugby union captain signed this year into the ranks of the 13-man league code on a four-year, £130,000 contract. Looking a rather frail figure among the shaven-haired beefcake on the Naughton Park pitch, Davies says it was the hardest game in which he has played.

Welshmen (to see Davies) and Scotsmen (to see Alan Tait, a former Scottish rugby union international, now the Widnes full-back) peppered the crowd. Yet professional rugby league in Britain remains entombed within a narrow strip from the Mersey to the Humber. A thousand teams play amateur league, 200 of them in the south and Midlands. But Fulham, in west London, is the only professional club outside the game's northern stronghold. It is a sport with working class roots that is ignored in the south by a working class press devoted almost solely to Britain's national sport of soccer.

For people like Davies, the divisiveness of history carries penalties difficult for those to grasp whose country has a simpler and more homogeneous sporting culture, and where the historical divisions between classes and regions are less warped.

Since league broke away from union at a ceremony in the George Hotel, Huddersfield, in 1985 over the issue of "broken time payments" (working class lads wanting pay to cover for wages lost while

playing rugby rather than working in the mill or down the pit), rugby in Britain has been bedevilled. Like a clutch of other recent union "defectors" (Adrian Hadley and Peter Williams at Salford, policeman John Bentley at Leeds, Mark Preston at Wigan, Paul Moriarty and Tait at Widnes), Davies risks becoming an historical non-person in the game (rugby unions that bred him). For the heinous crime of turning to another, if related, sport and making money doing so, the union hierarchy still takes a sour and bloody-minded view. The spreading practice of payments in union leaves its hierarchy untouched, but the sin of crossing cultures is another thing.

It affects the media, too. "For some BBC commentators players who switch codes seem to be written out of history like a Russian textbook," says one manager. "If that TV commentator Bill McLaren ever mentioned a player who had turned to rugby league, it would probably get stuck somewhere around his adam's apple."

On the cruel northern pastures of professional rugby league, imports from union range from the spectacularly successful to the unmitigated disaster. In parochial Britain, many Welsh players struggle to uproot themselves from the valleys. They still refer to it by the quaint phrase "going north," like a polar expedition without thermals rather than a three-hour drive up the M6. Some return home after a short stint, like Terry Holmes, the brilliant Welsh scrum-half who had a dour time playing in Bradford Northern's vast and soulless Odsal amphitheatre. Others put down some roots. Robert Ackerman, another former Welsh international, is now a sport development officer at Whitehaven, the little Cumbrian town whose faded Georgian elegance refused to let money it made as a coal and timber port.

League players carry a collective chip on their shoulder: they get little national recognition as craftsmen in one of the world's toughest body contact games. Unimaginative TV coverage, with lifeless presentation and amateurish commentary and which often ignores the big matches, fails to reflect the game's energy, its blend of muscle and motion.

The game has been cleaned up. It has rarely suffered from the persistent cheating and thuggery of union where the line-outs, rucks and mauls are free-for-alls. The sound of splintering bone and twanging ligaments is still part of league, but the stiff arm driven with malice into an opponent's face is disappearing. Gary Pearce, the ex-Wales union stand-off playing at Hull, has survived three seasons in one place. "The lads back home said I wouldn't last for the four-year contract without having my nose go but I've kept it intact," he says.

League, though, is worried about an outbreak of illegal tackling aimed between the neck and the hairline. Tony Burke, the St Helens forward, has just had 43 stitches in an ear wound. Brian Smith, the Aussie coach at Hull, says the problem is caused by laziness and inadequacies in technique. "I signed David Boyle from South Sydney, who is one of the toughest blokes I've trained. He's got a body like granite but he couldn't believe the number of whacks he took around the head. The problem is that not enough English players are prepared to bend their back in the tackle and hit the player low. In Australia, the emphasis is on constantly hitting and intimidating your opponent, sapping his speed and power but doing it fairly." Damage to shoulder and knee ligaments, though, rather than loosened teeth and rearranged facial bones, is the main cause of a trip to the local infirmary.

The failure to disinfect the whiff of pie and peas that infects the game's image is

Continued on Page II

### The Long View

## They know a trick or two in Skipton

A PAGE of statistics can be tricky to interpret, but often less so than the press release that comes with it. The Skipton Mortgage Lending is "snubbed" and building society commitments to lend are rising by "less than would normally be expected on seasonal grounds", according to the Building Societies Association this week.

But wait a minute. Although new advances during March declined by 13 per cent compared with the same month of 1988, much of that could be explained by Easter falling in March this year. Compared with any other period but the spring and summer of 1989, when the housing market was frenziedly strong, the performance of the building societies looks amazingly robust.

A coincidental press release from the Skipton Building Society posed further questions about the soothing official BSA line. Building societies, pushed the Skipton, must become like "aggressive new players" in order to ensure that the industry's 10 per cent decline in completions in the first quarter of the year should not become a precedent (actually, net advances of principal, as opposed to gross completions, were only 1 per cent down on the first quarter of 1988). The Skipton is doing its bit by sharply raising its own lending, and designing new products tailored for current market conditions. Officially, high interest rates

are beginning to work. Consumer demand is at least slackening in its growth (though the figures are erratic) and house prices have fallen a little in some southern parts of the country (though they have continued to rise in the north).

But it can scarcely be said that monetary conditions are tight. The bank lending figures just over a week ago came as something of a shock. Sterling lending, which was supposed to have started to slow down, jumped to £10.1bn in the March banking month on the M4 definition (which includes building societies). Growth in M4 was 18 per cent in the year to March.

You might say, so what? The Government only looks seriously at the M0 version of money, which has slowed down nicely. Although growth in M0 jumped above the Government's target range last year it has decelerated sharply to a seasonally adjusted annual rate of probably not much more than 2 per cent over the past six months.

Moreover, part of the broader growth in money might be just a temporary effect of an economic slowdown. While personal borrowing appears to have eased as intended, company borrowing has risen, perhaps because in conditions of sagging demand stocks have accumulated more rapidly than managements had intended. At the same time, Nigel Lawson was rescued this week by the improvement in the trade



Barry Riley

**The Government should stop thinking in terms of monetary fine-tuning and recognise that the housing market is an inflationary engine that may run away**

balance for March. It may well have been nothing more than a favourable fluctuation in an underlying monthly current account deficit of £1.5bn, and in April the swing could be in the other direction again. But the equity market took a jump for joy on Wednesday. The dangers, however, are not

going to fade away.

As I have been saying for at least the past 12 months, the recent problems of inflation and overeating in the UK economy originated in the credit explosion which built up over several years and peaked last summer. At least, it was supposed to have peaked: that was the purpose of 12 per cent and then 13 per cent interest rates.

But the Government does not appear to have understood the implications of the financial deregulation which it initiated. Conditions are now quite different from those of the 80s and 70s. Then, competition was inhibited by overall lending constraints, which, for instance, kept the banks out of the house mortgage market. The big building societies, meanwhile, operated a cartel: when interest rates were high they judged it right to protect their existing borrowing members from the worst effects of high rates, and the result was a shortage of funds and a queue for new mortgages.

Not any more. The mortgage marketing organisations built up during the years of boom are now being turned up to maximum output. All kinds of gimmicky new mortgage products are being devised to get around the cash flow obstacles posed by high interest rates. What would be the point of the Chancellor putting up rates still higher — which he would have had to do if the current account deficit had been an

erratically high £2bn this week — if the response were to be an even bigger flood of low start mortgages?


The Government should stop thinking in terms of monetary fine-tuning and must recognise that the British housing market is a vast inflationary engine which at any time could race out of control. The answer is not a 1970s-type system of controls, but the creation of a proper balance between supply and demand for housing.

There must be an injection of fear to counter the greed. For all the talk of falling house prices, the fact is that the Halifax national price index is still up 30 per cent on a year ago. And with personal incomes rising at nearly 10 per cent the ability of borrowers to pay high interest rates is recovering all the time.

For the time being, the assumption of both borrowers and lenders is that the Government will not force a genuine shakeout, but only a temporary squeeze. And given that the Government is not minded to accept the tax and planning permission changes which may really change perceptions in the housing market, they are right. But the inflationary wave is now moving through the rest of the economy. The Treasury might like to pretend, by focusing on a monetary aggregate — M0 — which excludes the housing market. The fact is, however, that they know a lot more about these things in Skipton.

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MARKETS

LONDON

FINANCE & THE FAMILY: THIS WEEK

Two ways for investors to beat inflation

Immediate fears about another rise in interest rates might have receded, but the need to protect your money remains. John Edwards examines the attractions of National Savings and gilts. Page III

Time to produce the goods

In a market in which short-termism is described as a noxious epidemic, Save & Prosper is one of a handful of unit trust groups that can produce really long-term performance figures. But do the figures tell the real story? Christine Stopp puts the group under the microscope. Page V

A lower marital tax bill

The independent taxation for married couples will offer special opportunities to increase marital net income if either spouse was born before April 6 1926. Anthony Casswell reports. Page V

Building societies lure expatriates

Bradford & Bingley has just joined the growing list of UK building societies operating branches offshore. Peter Carlisle looks at a growing market and finds the best deal for expatriates. Page VI

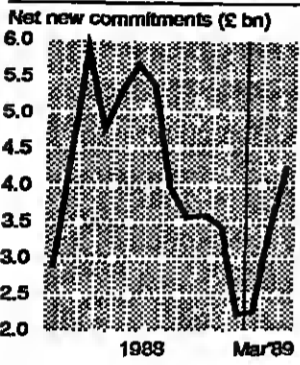
So you want to run a pub . . .

For many would-be small businessmen and women, the thought of running their own public house is often the ultimate fantasy. Tullings pints, chaffing to the regulars . . . but is it all fun? Roy Hodson and Lisa Wood look at real life behind the bar. Page VII

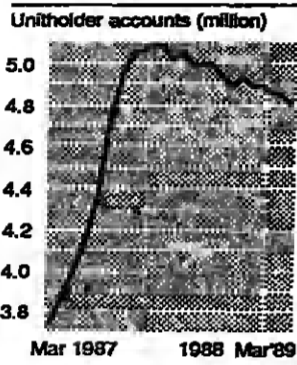


- Briefcase: Bid to reclaim tax: Page VI
Diary of a private investor: Page VI

Building Societies



Unit Trust



Mortgage commitments slow

Building societies recorded a smaller than expected increase in net new mortgage commitments during March - normally a month when there is a big increase in home loans. The value of new mortgages agreed in March was well up on February at £4.25bn, but well down on the March 1988 figure of £5.88bn. According to the Building Societies Association mortgage demand is subdued in response to the current high level of interest rates. During the first quarter of 1989, building societies' commitments amounted to £9,994m, just 7 per cent above the previous three months. However this was almost one quarter - or £3,168m - below the figure recorded in the same period of 1988. In the retail savings market, building societies' net receipts fell to £213m in March from £1,064m in February. Heather Farmbrough

Unit trust decline continues

Private investors are still pulling out of unit trusts. Latest figures issued by the Unit Trust Association this week showed that the number of unitholder accounts fell again in March to 4.30m, continuing the decline that started in February 1988. Funds under management by unit trust companies increased by £2.3bn or by 5 per cent over the course of the month to reach a total value of £49.2bn. However, sales for March were slightly lower than the figures recorded over the past two months. This suggests that some unitholders may be selling holdings as prices recover to nearer their pre-October 1987 stock market crash levels. John Edwards

Safeway debut for Switch card

National Westminster Bank is piloting its new Switch debit card scheme at the Turbridge Wells Safeway store. Switch is a debit card scheme which was launched in April 1989 by three UK banks - NatWest, Midland and the Royal Bank of Scotland. The NetWest card is the three-in-one servicecard incorporating cash dispenser, cheque guarantee and debit card/point of sale facilities. The servicecard will be issued to customers as a replacement for existing cards. These are usable at point of sale and for withdrawing cash from the Bank's service. H.F.

New VISA card is launched

Town & Country Building Society will launch its own VISA card on May 2. The APR will be 19.5 per cent or 1.5 per cent per month, which T & C claims is the lowest rate of interest offered by any leading high street building society. T & C is the fourth building society to launch its own VISA card. Ian Bell, managing director, says that the group is deliberately undercutting its competitors as it believes many people will switch from other cards. T & C is offering a direct debit facility which will clear the total amount each month, even though this amount will probably vary. H.F.

Index-link income plan by British Assets

An unusual way of providing extra income to investors has been devised by British Assets investment trust, managed by Ivory & Sims. It has raised £150m by placing with institutions loan stock for repayment in the year 2005 that guarantees an investment return matching the performance of the FT-Actuarial All-Share Index during that period. The idea is that the £150m capital raised will be invested in companies paying dividends that are expected to grow faster than the index average, and therefore the Trust will have some extra cash available to benefit investors after meeting its obligations to the loan stock holders.

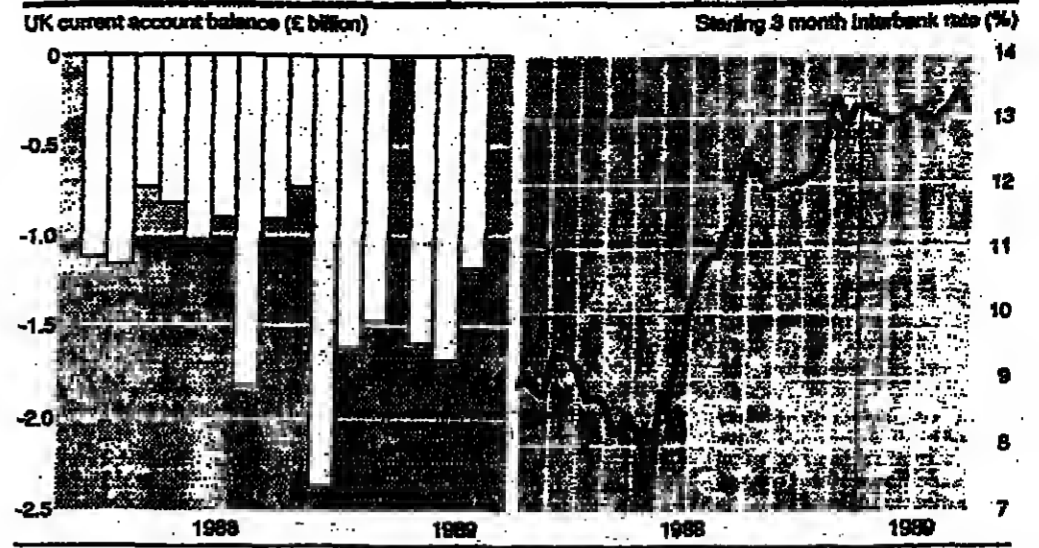
3.50p per share, which represents an increase of 20.4 per cent over the dividends paid in the previous year. However, this is not intended to be a one-off enhancement. The extra cash will be invested in shares that will provide an above average yield and faster dividend growth rate, as well as increasing capital value. The key behind this unusual method of gearing is the Trust's ability to outperform the All-Share Index. The institutions which bought the loan stock are apparently content with a guaranteed return matching the All-Share index both in terms of income and capital. By investing in high (or above average) yielding shares the Trust should have no difficulty in meeting the income requirement. The risk lies in whether these shares can also provide the capital growth. If they do not then the Trust, and its shareholders, will have to sacrifice capital to meet the commitment to the loan stock holders. John Edwards

Afterthoughts cloud optimism over trade

WAS IT... could it really be... heavens, it seemed that it could! For once, a set of monthly trade figures actually rolled out looking better - rather than drastically worse - than City predictions. Perhaps that says something for the level of wariness with which some commentators now approach these delicate economic matters. Even so, unbridled glee at this rare event was still difficult to detect. True, the market - as measured by the FT-SE 100 share index - gained about 45 points over the two subsequent trading sessions, pushing it beyond the 2,100 barrier. It even reached a brief post-crash high in opening trading on Friday. But as the morning wore on, the steam disappeared from the rally. There is certainly a significant school of thought which believes that the economic picture remains mixed, at best, and questions those

trends which finally seem to be heading in the right direction. Anticipation of the March trade figures, which were published on Wednesday, served largely to restrain sentiment during the first part of the week. On Monday, trading volumes in London dipped to a miserable 340.8m shares, with Ranks Hovis McDougall's table-turning bid for Sydney-based Goodman Fielder Watte claiming a good deal of attention but doing little to help the market's mood. At first glance Tuesday looked much better, with volume stepped up to more than 575m shares, but a couple of significant programme trades took part of the credit. That said, there was at least a happy fore-runner to the trade figures themselves. In the form of a relatively low-key Confederation of British Industry survey. This is the second successive quarterly survey from the CBI to adopt a rather pessimistic

tone, talking of declining industrial confidence plus a prospective slowdown in output growth and manufacturing employment. It also pointed to signs of rising costs, but there were suggestions that margins might bear a part of this, rather than prices. At any rate, the days when such warnings from industry were a bearish tug on equities are long past. Today, the market prefers to read them as an indication that the high interest rate policy is biting and that more manufacturers will be inclined to push exports. All in all, Footsie managed to turn in a nine-point gain. Wednesday began gently but, by mid-morning, dealers were already beginning to scent a pleasant surprise. When the trade figures were unveiled, they showed a current account deficit of £1.19bn, compared with February's £1.7bn, while the visible trade deficit fell from £2.2bn to



£1.89bn. This compared with estimates on the current account from ranging between £1.4bn and £1.8bn. One that sprang immediately to the fore was the improvement surely removed any immediate upward pressure on the interest rate front. Up went Footsie to show a 30-point gain ahead of lunch. It closed 22 points higher at 2088.4. On Thursday, after a slightly hesitant start, it was much the same with Mincro's success in the late on Wednesday in achieving 64 per cent acceptance in the bid battle with Consolidated Gold Fields pushing ConsGold's share price usefully higher, despite uncertainty on the US legal front.

By Friday, though, more sober thoughts were showing through. For a start, questions have been raised over how good the March trade figures actually were, and the extent to which they suggest a sustained improvement ahead. Exports were indeed up by 9 per cent, but this was due partly to a significant positive contribution from erratic items and an increase in oil exports - a trend that some pundits suggest might be reversed when the latest North Sea oil accident in the April figures. Non-oil exports, excluding erratic items, rose by 1.75 per cent on the month.

Moreover, although the authorities pointed out that the underlying volume of non-oil exports rose more swiftly than that of non-oil imports - which must be good news - there is still the worry that the threatened stock strike could lead to import stockpiling, and spread confusion all round. There are other economic caveats, too, which lead some forecasters to suspect that consolidation rather than merry romp lies ahead. On the one hand, there are the various pressures on the wage front; on the other, concern persists over the resilience of consumer spending in relation to the high interest rate policy. Finally, just for good measure, Britain's interest rate policy could yet be subject to pressure from interest rate increases overseas.

It should also be said that, when it comes to the corporate reporting front, the market's attitude is less than consistent. While it tends to welcome signs that industrial bullishness is being checked on the macro-level - witness the CBI survey - it is equally pleased to see the absence of any recessionary twinges at the micro-level. ICI is a classic case in point. The chemicals company, long seen as a bellwether for British industry, rolled in first-quarter figures well in excess of analysts' forecasts. Pre-tax profits were 28 per cent higher at £442m, compared with forecasts pitched at little more than £400m, and the advance was well spread between the various divisions. That did something for ICI itself - its

share rose 34p to 1232p, although they remain on a significant sub-market rating but rather more for the market's confidence overall. It is just possible to argue that these conflicting accounts of corporate buoyancy point to the sort of "soft landing" sought so fervently. But until there is concrete evidence that the loss of domestic confidence is fueling a greater export effort, some may also wonder if the market is having its cake and eating it at the same time. On the bid front, attention concentrated on the still-unresolved Gold Fields situation and on RHM's decision to bite back at its 29.9 per cent shareholder, Goodman Fielder Watte, with a hostile £1.35bn bid. The rumour about seven months after Goodman's own bid for RHM was referred to the Monopolies and Mergers Commission - an inquiry it never pursued. One especially interesting feature was the sub-underwriting of RHM's cash alternative the first exercise on this scale in a bid situation since the 1987 crash. True, it was done by Cazenove at a discount of over 14 per cent to RHM's pre-announcement price, and - if anecdotal evidence is any guide - was not particularly savvy. Nevertheless, real evidence that the UK institutions are prepared to swallow even modest risk must be a stride in the right direction. Nikki Tait

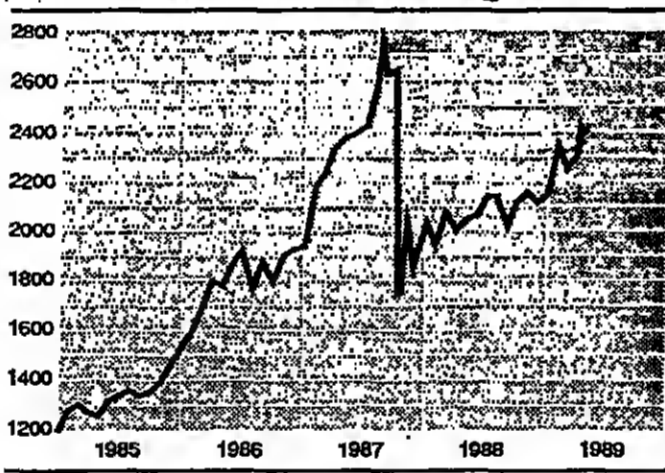
HIGHLIGHTS OF THE WEEK

Table with columns: Price y/day, Change on week, 1988 High, 1989 Low, and notes. Includes FT Ovd. Index, AMEC, Armstrong Equip., Courtaulds, Dencora, Dunhill Hldgs., Everest Foods, London Utd., Micro Focus, Oxford Instruments, Pavilion Leisure, RHM, Rascal Elect., Rank Org., and Sotheby's Hldgs.

WALL STREET

Full steam ahead in choppy waters

Dow Jones Industrial Averages



Wall Street has mostly given up hoping for the sort of non-inflationary growth that justified the bull market in stocks between 1982 and 1987. Instead, everybody is talking about a "soft" landing. While this sounds a fuzzy idea, it is actually quite precise. It requires that the economy slows enough to cut inflation but not enough to destroy corporate profitability. Metz defines it as "slightly lower corporate profits and 1 per cent to 1.5 per cent economic growth generated from the non-consumer sector of the economy." By any accounts, this is quite a small runway on a rather large and potholed battlefield. It was only a month ago that the market was deeply worried about rising inflation, and the series of weak economic statistics since then, culminating in yesterday's 0.7 per cent fall in the March leading indicators, may not be confirmed in the second quarter. At the very least, rising oil and petroleum products prices (in part because of the Alaska oil spill) should push up the inflation

measures for April. As Griggs & Santow, the bond market commentators, said on Thursday night, the leading indicators are "famous for giving false signals, and a rebound in April is a very distinct possibility." Reports of higher inflation could knock both stock and bond markets about, as occurred in March. There is also the threat of recession. The Federal Reserve has raised interest rates by three percentage points in the past year and nobody yet knows what this has done to depress business activity. Last week's quarterly reports from companies did not give much evidence either way. Du Pont, Sears and the power companies were good. Manufacturing companies with big order books and bigger production problems mostly did better than expected - Boeing, Caterpillar and Cummins Engine - though McDonnell Douglas did very much worse. In the technology sector, where Wall Street finds it hard to predict profits, IBM made a gesture of confidence by raising its dividend for the first

time since 1985. The oil companies did poorly, apart from Texaco. Profits at the steel and basic chemicals industries that have enjoyed big inflationary growth are falling off. Since these are the companies which must do better if the trade accounts are to be squared, this was not an encouraging performance. However, there was little by way of bad news. If there was a troubling if came from Ford, one of the great manufacturing companies of the 1980s, which said that it may not be able to match last year's profits this year. In the first quarter, weak demand from US consumers forced the company to launch an incentive war which cut US profits by 6 per cent. As Hugh Johnson at First Albany pointed out on Thursday: "if the auto sales don't start to recover soon, weakness will spread through into other parts of the economy in a domino effect. We're that close to a slowdown. We're not quite there. But the market seems to be ignoring the prospect of a recession, even when it's close in front." Of course, there are recession and recessions. The prospect of a couple of quarters in which Gross National Product stays flat or declines should not be a disaster for the stock market. However, as Metz points out, US industry has taken on so much debt in the mid-1980s that companies are not well equipped against falling demand. "The assumption is that a recession will be brief and shallow," he says. "But industry is terribly leveraged, with interest costs consuming a quarter of internal cash flow, which leaves companies very vulnerable."

Table with columns: Day, 1988, 1989, and % Change. Monday: 2652.80 - 0.78, Tuesday: 2668.81 - 15.77, Wednesday: 2698.11 + 0.20, Thursday: 2818.98 + 29.28

James Buchan

JUNIOR MARKETS

Carbuncles all round

AN ARCHITECTS' lot is not a happy one. Criticism for perceived lack of creativity and conservatism has eroded design faith, the public image of architects leaves a lot to be desired. And for most of the quoted architects, their financial performance and share price can afford little consolation. Architects and design companies have repeatedly featured among the worst performing stocks on the Unlisted Securities Market. This year, the wooden spoon goes to SPS Consultancy, the shares of which have fallen by 44 per cent in 1988. As such, it is following the tradition established by D Y Davies, Whinney Mackay, Lewis and Tribble Harris I, which all put in dismal performances last year. Blanchard's, a loss-making interior designer, has heaped further misery on the mini-sector. So much so, that last week the company announced the sale of most of its loss-making architectural businesses and a reverse takeover of a property company. However, the gloom can be overdone. After a bout of remedial action, D Y Davies appears to have recovered. It recently announced a rise in interim pre-tax profits from £88,000 to £204,000, reflecting cuts in overheads last year. SPS, also believes that its problems are behind it. Metz adds, an unimproved performance has been recorded by the Company of Designers, which came to the market soon after the Crash of October 1987. Shares in the Company of Designers have risen by 98 per cent in value since the start of the year. That reflects its strong 59 per cent rise in pre-tax profits to £1.86m in the year to last September. Acquisitions are continuing apace, while its architectural work is still buoyant and well spread between office and industrial work. However, even if some companies' fortunes are in the ascendant, the sector is still prone to some persistent ills. Perhaps the most common of these is delays. When an architect takes on additional staff to cope with a large contract, any hesitation on the part of the client will result in heavy overruns. In the design industry, delays are a fact of life. Every business suffers from them, says Roger Henderson, chairman of the SPS Consultancy Group. Such an occurrence marred the company's first half year when profits halved. Similarly, D Y Davies halved its profits in 1987/8 when it increased its staff levels to cope with two large projects which did not

fully materialise. Partly as a result of this, the sector has been criticised for broken the scope of their business. Almost all have used their quote to finance a flurry of acquisitions, which take them into related businesses such as interior design, surveying, estate agency and landscaping. The goal is to provide a multi-faceted service, so they can bid for the entire contract for a development. This trend is mirrored by interior designers, which have snapped up architects and other specialists. SPS, for instance, started life on the USM as Space Planning Services, an office planning consultant. It has since bought an architectural practice and a firm of consulting engineers. Now it wants to expand into property services and chartered surveying. "The boundaries between one kind of business and another are blurring," says Henderson. However, the experience of SPS has not been particularly happy so far. The engineering consultancy bought in February 1988 made a loss of £154,000 for the six months to the end of 1988, when much of the promised work failed to materialise. As a result the group as a whole was plunged into a loss of £38,000, although it is now trading profitably. SPS is not alone. Expansion has been fraught with difficulty for many practices. Tribble Harris I, which is based in the US, found that the time and expense involved in making acquisitions was more than it bargained for. Disappointing 1987 results and interim losses made Tribble Harris I the second-worst performer on the USM last year, with a 75 per cent fall in its share price. It has recently posted a pre-tax loss of £2.63m for the year to last November, compared with a profit of £1.5m last year. Given the harsh treatment meted out to architects by the stock market - which is generally intolerant of short-term hiccups - it may not be clear just how far architects benefit from quotations. But, apart from funding acquisitions, architects can point to several advantages. For one thing, the higher profile they gain from a flotation helps attract new clients. For another, it helps the architects invest in computer-aided design, which helps them meet the demands of increased complexity and tighter timetables. Furthermore, a quotation allows them to offer shares to their staff, which helps them keep and attract skilled architects. Therefore, in spite of all the hurdles, it will be no surprise if more architects brave the market. Vanessa Houlder

Trying to break free

Continued from Page 1

largely the fault of the sport's four main clubs, hard-bitten players and managers. Australian players got exasperated in the UK. Back home, where league rules don't allow the presentation of a gladiatorial contest, closer to American football than rugby. Tina Turner does the TV commercials. In Britain, many of the grounds are intimidating brick and steel sheds, relics of an industrial past. Like soccer grounds, they

reveal a contempt for the fan although, unlike soccer, the spectator can watch without the hooligans or the deaths. John Moses, a St Helens forward in the 1950s and newly-installed secretary at Bradford Northern, says no-one can remember how where the money produced in the post-war boom times actually went. "It certainly didn't go on players' wages." As in soccer, there are too many professional teams. At the bottom of the second division, stories of paucity and skin-of-the-teeth survival come thick and fast. Huddersfield

saw its club virtually disintegrate this year. Runcom had a player walk-out over money and has struggled to keep itself together. The old Blackpool club has spent the past few weeks migrating up and down the list searching for a permanent home. In a brutal world, the losers suffer. Second division Wokington, a Lancashire-like afterthought on the edge of the Lake District, has enjoyed gates this year of just 600 compared with more than 15,000 during the roaring '40s and '50s. The Eagles at Sheffield, a

club formed in the 1960s, have just won promotion to the first division but the club says that its players have earned just £2,000 each this season. The former sales director at Puma has just been appointed as the league's first commercial director. Next week, a new company is being floated by the league to buy and manage homes for visiting Australian players. In a novel move, Warrington and Wigan are playing each other in Milwaukee in June. It seems that a culturally entrapped sport bursting with energy is attempting to escape its bounds.



FINANCE & THE FAMILY

BES issues falter

A NUMBER of Business Expansion Scheme issues have failed to raise as much capital as they had hoped.

According to Tim Villiers at BES Investment Research, £349.99m was raised under the BES scheme in the past tax year, but this was some £150m less than the industry had hoped for.

The companies which suffered in comparison with the 1987/88 tax year were trading companies, which are allowed to raise only up to £500,000 each following the lowering of the limit in the 1988 budget.



There is a small trickle of issues coming onto the market, while some issues launched before the end of the 1988/89 tax year are still open.

One BES company, Untorn Anglia Housing, has launched a 'save-as-you-rent' scheme for assured tenants with the Halifax Building Society.

Tenants will be given the option of paying a fixed amount by standing order each month together with their rent payments.

Heather Farmbrough

Star quality

ONE OF THE unit trust world's fastest-rising stars has found its astrological match. The tiny but well-respected Merlin Fund Management Group (£20m under management since its launch in 1987) is merging with Jupiter Tarbutt, another independent fund management group.

Jupiter is, in fact, taking over Merlin, which was owned formerly by North Sea & General. A South African finance house, Anglovaal, bought 25 per cent of North Sea and this went against the grain of one of the principles enshrined in Merlin's Ecology fund - no

substantial South African connections. The new company will have £370m under management split between investment trusts, unit trusts, pension funds and private clients.

H. F.

Young at heart

THE TRUSTEE Savings Bank is now prepared to provide motor insurance cover to young drivers (ages 17 to 25) following a review of its motor insurance operations.

The Third Party-Plus policy provides basic insurance cover to the young driver. It offers third party, fire and theft cover, with the latter extending to the vehicle's full market value.

A claim up to £25,000. The policy is available only for drivers aged 17 to 25. The Popular Comprehensive policy is a more sophisticated contract available for drivers aged 17 to 45.

Finally, the Comprehensive-Plus policy, available to motorists aged 35 or over, has a wide range of benefits - including a replacement car if the vehicle involved is less than 12 months old.

Eric Short

Immediate fears about another rise in interest rates might be over but the need to protect your money remains. John Edwards reports

National Savings and gilts: two ways to beat inflation

THIS WEEK'S trade figures may have delayed, or avoided altogether, the need for another rise in interest rates. But fears about inflation remain to haunt investors.

The obvious answer is to seek investments where the capital return moves up in line with inflation. Shares may provide long-term protection but there is no guarantee that prices will not go down in the short or medium term.

There are, however, two main investments which have a government guarantee they will match inflation. These are index-linked gilts and the National Savings index-linked certificates.

On the face of it, National Savings certificates have the advantage because they are free of tax on the income as well as the capital gain. You are guaranteed a tax-free real return of 4.04 per cent over and above the rate of inflation as measured by the Retail Price Index.

However, the interest is payable only when you sell the certificates. You do not receive a regular income and, as with most National Savings products, there are complications.

For a start, the maximum amount you can buy is only £5,000 worth per person. In addition, you have to hold the certificates for five years to receive the full 4.04 per cent. And there is a sliding scale.

If you sell your certificates after less than 12 months, you receive no interest at all. At the end of year one, you are paid 3 per cent plus the rate of inflation; year two, 3.25 per cent; year three, 3.5 per cent; year four, 4.5 per cent; and year five, 6 per cent.

With index-linked gilts, you can invest as much as you like (although stockbrokers are

reluctant to deal in amounts below £5,000) and dispose of them whenever you want without necessarily losing money as a result of selling before the official repayment date.

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At present, there are 13 different index-linked government securities (gilts) which are listed every day in the Financial Times under British Funds on the London Share Service page.

The figures in brackets in the accompanying illustration refer to the RPI, eight months before the stock was issued, and this is reflected in the present market price which measures the gain attributable to inflation since the stock was issued.

liable to income tax at your top rate but the coupon (interest rate) is lower than savings certificates, ranging from 2 to 2.5 per cent.

The real protection against inflation comes from the increase in the value of the capital, which is not liable to capital gains tax.

According to Davies, private investors tend to buy the short-dated stocks. However, he feels they are a bit pricey just now and the best bets could well be in the medium-dated stocks, due for redemption between 2003 and 2011.

The FT gives two prospective real redemption rates, which are lower than for buying shares.

higher the market price, although the latter also takes into account inflation expectations by the redemption date.

Glenn Davies, of CL Alexanders Lamy & Cruickshank, says that although index-linked gilt

using projected inflation rates of 10 and 5 per cent - but these are just examples. The return in practice depends on the rate of inflation, which boosts both the capital value and the coupon (dividend).

As an example, if you buy at £100 and annual inflation is 10 per cent, the stock would be worth £110 at the end of the year and, with a 2 per cent coupon, you would receive two dividends: the first of £1 and the next £1.05.

By the end of year two, at the same inflation rate, the stock would be worth £121 and a further two dividends would be paid of £1.10 and £1.16.

Tom Rostron of the Whittingdale group, a gilt specialist, says in its latest quarterly investment letter this week that the key point about inflation-indexed gilts is that, if held to redemption, they do guarantee a set return after inflation. This is something that no other liquid investment offers.

He warns that the longer-dated index-linked gilts are more volatile in price but may perform better than most if the institutions become wary of the stock market.

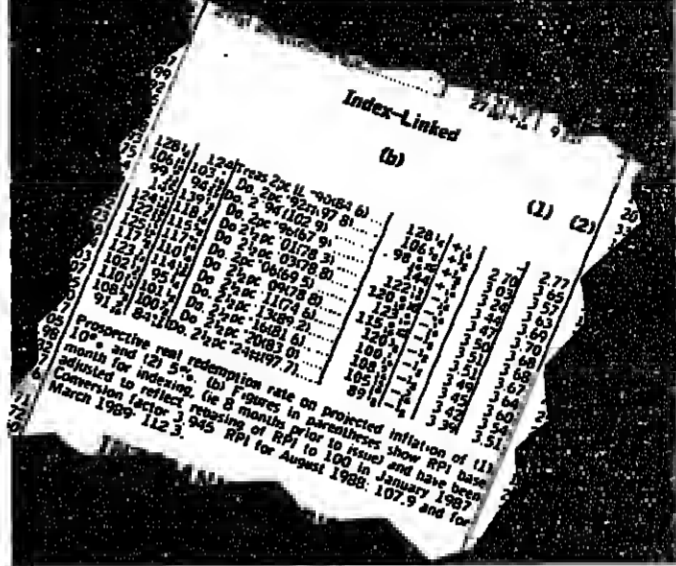
However, they would underperform should the government decide to cause a recession by raising inflation rates sharply.

The cheapest way of buying index-linked gilts is via the National Savings stock register. All 13 are available and charges are very low. For purchases below £250, the cost is only £1; over £250, it is £1 plus 50p for every additional £125 worth bought.

Sales over £250 are charged at the same rate but, below that, you pay £1 for sales between £100 and £250 and only 10p per £10 for sales under £100.

The disadvantage is that the deals are by post, so you can't make instant transactions and don't know the exact price. You also don't receive any advice.

Stockbrokers do offer advice and the commission is variable, mainly according to the size of the deal; but, generally, charges are lower than for buying shares.



Source: Planned Savings Data Services. Group Weighted Performance, offer to offer, net income reinvested to 1.1.89.

Source: Money Management/Futures to 1st March 1989. Basic offer to bid, net income reinvested.

†Example in extreme market conditions.

LAUNCH OFFER BONUS

Table with columns: Investment Amount, Bonus Allocation. Rows: £1,000-£2,499 (14%), £2,500-£7,499 (16%), £7,500+ (21%).

All investments qualify for a launch Bonus Allocation to units, BUT ONLY IF THEY ARE RECEIVED BY 23rd May 1989.

Form below and send it to us, together with your cheque (minimum £1,000 per trust), to reach us by 23rd May at the latest.

Please remember that the capital value of your units and the income from them are not guaranteed and may fluctuate.

Whilst unit trusts and unit-linked life funds are similar in terms of the basis on which they operate, they differ in certain aspects such as their tax treatment.

Unit-linked fund past performance is not, therefore, a guide to future unit trust returns.

If you can take a reasonably long-term view on your investment, we think you'll find our two new unit trusts will be faithful and rewarding friends.

Source: Money Management/Futures to 1st March 1989. Basic offer to bid, net income reinvested.

Table with columns: 1yr, 2yrs, 3yrs, 4yrs, 5yrs, 6yrs, 7yrs, 8yrs, 9yrs. Values: 1, 1, 1, 4, 2, 6, 1, 1, 1.

Source: Planned Savings Data Services. Group Weighted Performance, offer to offer, net income reinvested to 1.1.89.

In the highly competitive world of unit trusts, it's tough enough to come first with one trust.

It's even tougher to be the top performer across a group's whole range of trusts. But Fidelity has done it.

Not once, not twice, but an amazing six times out of the nine years since we launched our first unit trust.

This quite unique performance record has been achieved by strong, sustained, single-minded dedication to better research, better stock selection and better management. In fact, performance has always come first at Fidelity.

Talk to your Independent Financial Adviser about Fidelity's outstanding performance or call us free now on 0800 414161 and find out why, when it comes to unit trust investment, Fidelity should be your first choice.

Remember past performance is no guarantee of future returns and that the value of units reflects the value of the underlying investments and may fluctuate and is not guaranteed.



Fidelity Investment Services Limited. Member of IFA and LAI/TRO. Member of the UTA.

Ref Code FT82

Now GA turns to unit trusts

LEADING COMPOSITE insurer General Accident is possibly known best to the UK public as a motor insurer although the group itself, through its animated TV cartoon character 'General Accident', is expanding its name awareness as a complete insurance and investment entity.

That name awareness is crucial because the group has been rather slow in developing its retail investment services. Its subsidiary, GA Life, was one of the last of the traditional life companies to enter the unit-linked life sector some four years ago.

Now, it will be entering the

unit trust field at the end of this month, a move foreshadowed five months ago.

As well as using the press, GA Life intends to market through independent financial advisers plus the group's direct sales force and its tied agency force - which includes five building societies and a nationwide chain of estate agencies.

Name awareness will be important because the first two trusts, GA Growth Portfolio and GA Income Portfolio, are unlikely to catch the immediate attention of investors. Indeed, these products reflect the status of the group itself: solid and reliable but some-

what dull.

However, GA's unit trust development manager, Des Waddington, feels that this is what investors are looking for in the aftermath of the October 1987 stock market crash, rather than the highly volatile, exotic funds that proliferated in the heady days ahead of the crash.

The funds will be managed by Edinburgh Fund Managers, which already handles GA Life's linked-life funds. EFM has its own stable of unit trusts but Waddington is confident there will be no conflict of interest.

Alex Gowans, of EFM, is emphatic that the funds will

not be completely unadventurous. The Growth fund will have 50 per cent overseas, including 10 per cent in Far East Pacific Equities, the emerging markets which Gowans considers to have considerable investment potential.

The charges are pitched at the industry's norm - 5.75 per cent initial and 1.5 per cent annual management fee. Pricing will be made at 10 am so that investors can deal at historic prices throughout the day until 5 pm.

E. S.

Advertisement for Colonial Mutual unit trusts. Title: 'The top dogs of investment performance champion two new unit trusts.' Includes 'CHAMPION' ribbons, 'LAUNCH OFFER BONUS' table, and application form details.

Advertisement for Fidelity unit trusts. Title: 'Performance comes first at Fidelity.' Includes performance table and Fidelity logo.



FINANCE & THE FAMILY

The Week Ahead

Old dogs show off their new tricks

LIKE CLARENCE, marinated in malmsey, companies steeped in tradition are getting hard to find. This market seems to like its old dogs to learn new tricks, and most of those which have survived the takeover surge of the 1980s are trying to perform.

Next week's list, forshorn by the Bank Holiday, has a couple of interesting announcements on Wednesday. Interims from Tate & Lyle demonstrate the trend to "focused" expansion; and preliminary figures from Harrison & Crosfield will show how the company is changing from an international trading and plantations management business into a conglomerate.

Under its chairman and chief executive, Neil Shaw, Tate & Lyle has hit the takeover trail with a vengeance over the past twelve months or so. From being a possible target itself early in 1988, it won Staley of the US (corn syrup), gained control of the CST group (starch production, Continental Europe) and bought a leading US cane refiner, all in six months of frantic takeover activity.

Tate has since taken control of Spain's No. 2 producer of cereal sweeteners and starches and is currently buying in the 49.9 per cent minority in Redpath Industries, its Canadian subsidiary.

It is coming out of the acquisition spurge, says John Campbell of Prudential-Bache Capital Funding (Equities) as a "global carbohydrate processor." It also has a gearing ratio of 200 per cent.

However, Richard Allen of Kleinwort Benson Research notes that the minority buy-in will come to completion on Monday week; a major Redpath divestment is expected to reduce Tate's gearing to more acceptable levels immediately after that.

In the meantime, the group is expected to show first half profits up from £44m to £67m or £68m before tax, although earnings per share will show only a small increase because of equity issued in the course of takeovers.

Harrison & Crosfield may be out of plantations and into speciality chemicals, timber and builders' merchandising, making animal feed and own-label foods; but it decided in January, said chief executive George Paul, to retain its full name, and to retain its full name in the City, rather than use the "Harcros" diminutive which identifies its subsidiaries at operating level.

At any rate, H & C, like Tate, has been having a popular time of it in the stock market. Richard Allen sits at the lower end of analysts' forecasts with

Harrison & Crosfield

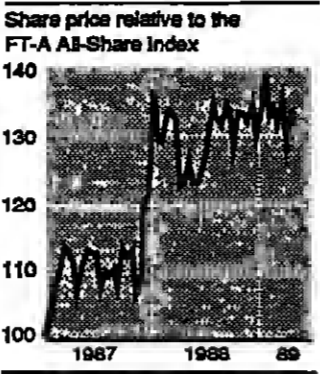


Share price relative to the FT-A All-Share Index

£120m pre-tax, up from £90m, including a final contribution from the 30 per cent share of Harrison Malaysian Plantations which has been sold for £145m and was the last link with the plantations business.

Wednesday's other big name is the Royal Bank of Scotland. Investors may expect big things out of the Royal Bank after the Bank of Scotland's 35 per cent jump in pre-tax profits this week, but Vernon Madge of Sheppards counsels caution. He notes that the latter's results were for a full year, while the Royal's will be for six months - during which the effect on profit margins of high interest rates and competition for clients' money has become

Tate & Lyle



Share price relative to the FT-A All-Share Index

more apparent. Furthermore, he observes, this is the financial year in which both the Royal and the Bank of Scotland, in its turn, will return to providing for pensions after a holiday from corporate contributions. He expects the Royal's profits to rise from £137m to £150m before tax at the half-year mark, and from £305m to £325m for the full year.

Stakes built in two of next week's food groups have been put into the predator category, and share prices lifted accordingly. Kwik Save, third generation of the "milk-it-high, sell-it-cheap" food retailing tradition - after Tesco, and Asda - achieved a lot of growth and

somewhat less stock market recognition until the Hong Kong-based Dairy Farm International bought its stake up to 25 per cent in 1987.

Grainee Seabrook, seconded from Dairy Farm in 1988, is a managing director looking for sites and for shopping centre exposure for Kwik Save's retailing formula which, arguably, has a niche to occupy with major supermarkets moving into fresh foods, and out of town.

Shearson Lehman's Rowan Morgan in a pre-earnings comment, expects the group to post half-year profits up from £24m to £29m before tax next Thursday on the way to £66m (£55.4m) for the year.

Nurdin & Peacock, the cash and carry wholesaler to independent retailers, the licensed trade and other caterers, now has the Dutch group SHV as a 6 per cent stakeholder. It may also be seeing the turn of a tide in food retailing.

CL-Alexandera Laine & Crickbank say in a recent circular on the company that the sales volume of small food retail businesses showed a fractional increase in 1987 after years of decline, and notes that the grocery majors are reducing their presence in small, in-town supermarkets. They expect Nurdin to lift its 1988 profits from £16.6m to £19.7m

before tax, after a disappointing year in 1987.

Meanwhile, there are two ways to look at Hunting Associated Industries: first, that it is a small defence contractor used to feast and famine, and risks a contraction in defence profits in the early 1990s; and second, that despite its relatively small size it is a designated defence prima contractor, and that it is well placed to win major weapon system contracts with the current shake-up among major contractors such as GEC, Plessey and BAe.

Clive Forester-Walker of Kitcat & Aitken expects Hunting to show pre-tax profits up from £18.1m to £22.2m next Tuesday, with subsequent growth taking it over £50m for 1989. He notes that the company is family controlled, which may reduce its attractions as a high-octane stock market vehicle; however, he says, as a mid-proof group it is likely to be offered more opportunities to bid on future weapons programmes.

Other names include Guinness Mahon, reporting its half-year results on Thursday. Economic news closes the week with housing starts and completions from the Department of the Environment on Friday.

William Cochrane

COMPANY NEWS AND SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share*	Market price†	Price before bid‡	Value of bid £m	Market cap £m	Blade†
Bovens Massini	300	157	148	300	103.03	BOOP
Bovens	157	148	132	148	134.5	Low (Wh.)
CCA Publ.	195	134	116	140	14.90	FTV
Chamberlain's	224	224	154	84.22	84.22	Evolve
Chamberlain's	224	224	169	84.22	84.22	Evolve
Coca Cola	122.25	122.25	122.25	3.40m	3.40m	Misc
DOT	121	121	112	8.01	8.01	Apical Comp.
Gatorade	195	191	184	1.73m	1.73m	Isocoles
Habit Precision	678	66	70	6.96	6.96	Epicure
Keep Trust	550	532	513	53.8	53.8	Plazencia
Lambert Horwath	1998	208	150	8.86	8.86	Black (Pat)
Magnat	307	290	289	54.22	54.22	DMWS
Merley Estates	101	97	98	77.07	77.07	Conrad Hdg.
Millward Brown	2001	217	208	14.08	14.08	WPP Grp.
NEI	135	133	127	313.31	313.31	Rohm-Royce
Plumb Hdg.	210	208	198	25.33	25.33	Rohm-Royce
Wing Pack	70	18	22	18.4	18.4	Black (Pat)
WA Widge	50	48	41	19.08	19.08	Haden MacLellan

\*All cash offer. †Cash alternative. ‡Partial bid. §For capital not already held. ††Based on 2.50pm prices 29/4/89. ††† Suspension. †††† Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Albany Int. Tel.	Feb 424	(335)	3.12 (2.41)	2.8 (2.25)
Allied Insurance	Dec 331	(480)	6.1 (5.2)	2.5 (4.0)
AMEC	Dec 81,800	(34,500)	47.8 (34.0)	17.0 (13.0)
Ashtley Laura	Dec 1,000	(800)	8.57 (7.30)	2.5 (2.35)
Bank of Scotland	Feb 178,500	(131,300)	13.8 (10.9)	3.8 (3.15)
Bank of Wales	Feb 2,500	(2,600)	4.9 (7.0)	2.8 (2.8)
Barlows	Dec 611	(43)	3.52 (2.57)	1.25 (0.75)
Bellway	Dec 225	(190)	1.31 (1.4)	1.5 (1.5)
British Fittings	Dec 5,500	(2,610)	20.3 (14.5)	6.385 (4.5)
Britton Estate	Dec 16,160	(13,210)	14.8 (11.9)	9.75 (7.8)
Caparo Indust.	Dec 8,540	(2,110)	5.24 (6.55)	2.05 (1.85)
Castle South Sea	Dec 10	(2)	0.15 (0.1)	0.1 (0.1)
CI Group	Jan 6,130	(3,010)	8.45 (3.71)	1.8 (1.37)
Clackson Horace	Dec 5,100	(3,480)	16.0 (10.1)	6.25 (6.25)
Danco	Dec 8,850	(4,090)	28.5 (15.2)	5.5 (3.0)
Dunelmastor	Dec 3,220	(2,690)	2.8 (2.4)	1.5 (1.5)
Edinburgh Inv.	Dec 24,840	(16,720)	6.76 (4.12)	5.4 (4.15)
Erwin Group	Dec 2,310	(2,119)	11.3 (12.2)	5.3 (4.8)
Executives Clothes	Dec 443	(548)	7.6 (11.3)	1.5 (3.0)
Farnell Elect.	Jan 27,110	(25,710)	13.5 (13.1)	4.2 (3.5)
Fitzwilliam	Dec 2,200	(514)	1.58 (2.2)	1.2 (1.1)
FR Group	Dec 22,400	(22,100)	20.8 (19.4)	5.54 (4.62)
Frost Group	Dec 3,530	(2,320)	18.0 (12.5)	9.25 (7.0)
Gold Base & Met.	Dec 102	(72)	0.48 (0.48)	0.4 (0.4)
Haden MacLellan	Dec 11,100	(1,800)	15.1 (7.7)	6.0 (2.5)
Hawthorn Leslie	Dec 4,780	(4,780)	1.74 (1.5)	0.8 (0.25)
Jermyn Inv. Co.	Dec 310	(188)	10.7 (8.2)	2.5 (2.5)
JMD Group	Dec 1,610	(638 L)	2.44 ( )	( ) ( )
Jones Group	Dec 5,180	(4,360)	33.8 (35.1)	10.0 (3.5)
London Finance	Dec 472	(756)	1.58 (2.2)	1.2 (1.1)
Melrose Holdings	Dec 895	(508)	10.3 (8.8)	2.25 (1.75)
Nellis James	Dec 3,180	(7,600)	17.1 (22.1)	8.5 (8.0)
Plumb Holdings	Jan 2,500	(2,900)	12.4 (14.6)	5.0 (4.25)
Radiance Group	Dec 430	(1,980)	1.3 (7.3)	1.0 (1.5)
Radisson	Dec 221,500	(135,100)	22.3 (23.2)	15.8 (15.8)
Roper	Dec 5,250	(4,130)	11.9 (9.1)	7.25 (7.0)
Saga Group	Jan 2,730	(2,210)	10.8 (6.7)	7.2 (4.8)
Serfontein	Dec 2,200	(700)	37.6 (11.0)	14.0 (6.0)
Serfontein	Dec 6,480	(4,800)	17.4 (15.4)	6.0 (3.5)
Shedwood Comp.	Dec 1,970 L	(1,970)	1.74 (1.5)	0.8 (0.25)
Shiloh	Mar 1,240	(1,450)	14.3 (15.6)	2.375 (2.25)
Smallshaw R.	Dec 358	(440)	6.29 (11.5)	3.0 (3.0)
Sovereign Oil	Dec 1,900	(4,700)	1.9 (3.80)	( ) ( )
Spear JW & Sons	Dec 208	(380)	2.8 (2.8)	1.1 (1.1)
S&W Group	Jan 1,800	(1,743)	11.1 (10.2)	4.25 (4.0)
Tarmac	Dec 393,100	(265,400)	34.3 (23.5)	10.0 (7.25)
Thurston Borden	Dec 1,700	(1,810)	-3.7 (5.8)	2.5 (2.25)
Total Group	Jan 42,290	(40,290)	11.0 (11.3)	4.85 (4.5)
TR Energy	Dec 621 L	(3,480 L)	1.58 (1.5)	1.2 (1.1)
Trust House	Dec 1,000	(1,000)	19.6 (15.8)	6.5 (4.5)
Verano Int'l.	Jan 1,680	(927)	2.03 (1.42)	0.575 (0.33)
WA Holdings	Jan 2,000	(1,800)	4.45 (3.02)	1.5 (1.2)
Yale Catto	Dec 17,800	(14,016)	11.7 (10.2)	3.8 (3.0)

INTERIM STATEMENTS

Company	Half-year	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Alb.	Dec	3,000	(2,800)	1.5 (1.5)
Allied London Progs.	Dec	5,250	(3,400)	1.07 (0.9)
Ashtley Laura	Mar	58	(31)	0.9 (0.75)
British Empire Sec.	Mar	1,134	(176 L)	0.25 (0.20)
COFC Trust	Mar	2,580	(2,900)	( ) ( )
Church Charles	Feb	8,950	(8,770)	1.0 (1.0)
Cosser	Feb	2,110	(1,300)	4.0 (2.5)
Dan Simpson	Mar	5,250	(3,500)	3.0 (3.0)
Erwin Trust	Mar	1,240	(1,850)	0.3 (0.3)
Fenner JH	Mar	5,450	(4,520)	3.2 (3.0)
Five Oaks Invest.	Dec	1,520	(808)	0.8 ( )
Halford Estates	Dec	1,024	(253)	1.25 ( )
ICI	Mar	42,000	(38,000)	1.25 (1.0)
Jessups	Feb	1,100	(1,028)	2.25 (2.0)
London & Prov. Shop.	Dec	3,970	(743)	( ) ( )
Lowland Investment	Mar	887	(746)	2.0 (1.6)
Messers Computer	Dec	25	(25)	( ) ( )
Melrose Holdings	Dec	25	(8 L)	( ) ( )
New Cavendish Estate	Dec	71 L	(5 L)	( ) ( )
Regina Health	Dec	101	(62)	( ) ( )
Roads	Dec	20,098	(9,828)	( ) ( )
Scottish Metro. Prop.	Feb	5,250	(3,500)	2.25 (2.0)
Shen Group	Jan	1,002	(887)	1.5 (1.5)
St. Ives Group	Jan	12,500	(10,060)	1.25 (0.75)
Uster Television	Jan	1,400	(1,220)	2.5 (2.0)
Wade Poteries	Jan	620	(1,070)	1.85 (1.5)
Wellcome	Feb	125,200	(94,800)	1.1 (1.0)

(Figures in parentheses are for the corresponding period.)  
\*Dividends are shown net of tax. †Total income. ‡Net revenue.  
§ This year's figures for nine months. ¶ This year's figures for 15 months. †† This year's figures for 15 months. ††† First quarter figures.

RIGHTS ISSUES

Anglo Group is to raise £20m via a one-for-one rights issue of convertible bonds. Talcott Group is to raise £21m via a two-for-one rights issue at 50p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Bovens International is to join the USA via a placing of 2.25m shares at 100p. Orica Concessions Trust is to join the main market via a placing which will raise approximately £24.5m. Talcott Group is to gain a full Stock Exchange listing via an introduction.

RESULTS DUE

Company	Announcement date	Dividend (p)	This year
APOLLO DIVIDENDS			
Apollon Products	Wednesday	1.5	1.5
BDA Holdings	Tuesday	1.0	3.0
Beattie James	Tuesday	1.0	3.0
Booth & Sons	Thursday	0.0	0.5
Brennand	Tuesday	0.5	1.5
Delyn Packaging	Wednesday	0.275	0.43
Forward Group	Wednesday	0.8	2.0
Harrison & Crosfield	Wednesday	10.0	16.0
Higbrock Investment Trust	Wednesday	1.1	1.2
H-Tec Sports	Wednesday	1.1	1.5
Hunting Associated Industries	Tuesday	3.2	4.0
Jackson Group	Thursday	1.0	1.0
LGW	Tuesday	2.0	4.0
Mazzanine Cap. & Inc. Tr.	Friday	2.75	6.9
Moss Bros. Group	Tuesday	2.3	7.7
Nurdin & Peacock	Wednesday	1.6	2.7
OIS Group	Tuesday	1.5	1.5
Rambold Brothers	Thursday	1.5	3.5
Time Products	Thursday	1.78	2.65
Thighair Jute Factory	Tuesday	1.5	2.5
UPL Group	Friday	1.269	1.0
Water-Walker	Thursday	2.7	3.0
Western	Thursday	0.5	0.5
WESTERN DIVIDENDS			
Apollo Metals	Thursday	-	-
Graphicprint Holdings	Tuesday	-	2.4
Fundinvest	Wednesday	5.0	5.82
Glasgow Income Trust	Thursday	5.0	9.0
Gairness Mahon Holdings	Thursday	-	1.2
Johnson Group Cleaners	Thursday	-	1.8
Kalamazoo	Friday	0.5	1.5
Kwik Save Group	Thursday	2.4	5.4
Royal Bank of Scotland	Wednesday	5.3	6.7
Sanderson Electronics	Thursday	0.5	0.5
Spyhawk	Thursday	3.0	8.5
Tate & Lyle	Thursday	10.0	19.5
Video Tone Recording	Wednesday	0.6	1.7

\*Dividends are shown net of tax and are adjusted for any intervening scrip issues.

Your mortgage choice

AN INTEREST-ONLY mortgage which leaves the method of repaying the capital up to the borrower has been introduced by Choice Personal Finance, a member of the TSB group.

By scrapping the need for a specific repayment vehicle such as an endowment policy, Choice is effectively offering a straight loan, with your home as collateral, and in this way is enabling borrowers to reduce costs. It is only insisting that a term assurance policy is taken out to cover the cost of repaying the mortgage in the event of the borrower dying.

Borrowers can choose to repay the mortgage by any method, including simply selling the property. Alternatively they can make their own savings plans separately, possibly at a later date when they may have more money available.

Philip Haynes, Choice general manager, said that it should appeal particularly to first-time buyers anxious to keep monthly outgoings to a minimum during the first few years, without incurring extra deferred interest charges.

The interest rate will be the standard Choice mortgage rate, currently 13.3 per cent, and the lending criteria will also be the same. Loans are available up to 95 per cent of the value of the property (or 90 per cent for



The interest rate is 13.3 per cent for loans over £60,000 and 14.5 per cent for smaller loans. There are also stricter controls on the amount that is lent.

Where a mortgage is extended to include a second property, the amount that can be borrowed depends on the value of the property and the size of the current outstanding mortgage.

Where the second property itself is separately used as security the loan is limited to 75 per cent of the purchase price.

In both cases the total sum borrowed must not exceed 2.75 times the borrower's main salary, or 2.25 times a joint income. This is a lower level than with a first mortgage, since it reflects the extra costs of maintaining two properties.

United Bank of Kuwait claimed that it planned to be the first UK based lender to offer French franc mortgages to finance the purchase of residential or commercial property in any area of France. The mortgage rate will move in line with movements in the FIBOR (Paris Interbank Offered Rate) and is currently 9.9 per cent.

Payments must be made in French francs, so there is an obvious currency risk for sterling borrowers as with all foreign currency mortgages.

those over £150,000) and three times the borrower's annual income or 2.5 times in the case of joint applications. Borrowers must be between 25 and 50.

Meanwhile Abbey National is offering mortgages, with higher-than-usual interest rates, for those wishing to buy a second property or a holiday home. It will also consider giving mortgages on overseas properties, such as houses in France, but these would be treated as an extension of an existing loan with Abbey National rather than a separate mortgage. In other words you have one larger loan to cover two properties - your UK residence and a holiday home overseas.

A self-picked PEP



FINANCE & THE FAMILY

Older people should benefit from the changes planned for next year, says Anthony Casswell

# How to enjoy a lower marital taxation bill

THE INDEPENDENT taxation for married couples, to be introduced with effect from April next year, will offer special opportunities to increase marital net income if either spouse was born before April 6, 1926.

Anyone aged over 65 is eligible to receive an age allowance, which gives extra relief from tax over and above the personal allowance. There is further relief when you reach 75, following this year's Budget. You receive these additional allowances in full provided that your total income is below the age allowance income limit.

For every £2 of gross income above this limit, there is a £1 withdrawal of age allowance until it runs out completely. On each £2 in the age allowance withdrawal band, income tax at 25 per cent will take 50 pence, as usual, while loss of £1 of age allowance will incur 25p tax. Thus, the effective tax of 75p on £2, or 37.5 per cent, is clearly to be avoided.

This year's Budget improved the rate of withdrawal of age allowance for 1989-90, although there is still only one income limit for both married couples and single people. However, from April 1990 the appropriate basic or age allowance will be available individually, and the income limit will apply separately to each spouse.

The married couple's allowance, which will be based on the spouse who is oldest, will normally be given to the husband but will be transferable to the wife to the extent that the husband has too little income to use it.

To work out your situation, you should first estimate your net income as you expect it to be for 1989-90, and then what it would be if independent taxation were already to be available. This will give you some idea of your "automatic" tax relief from next April and what transfers of assets may be necessary to increase your net income.

You will want to ensure that

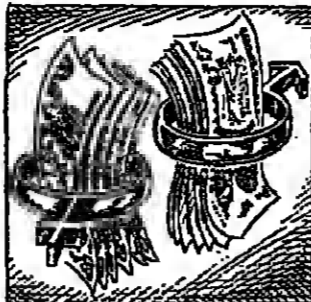
	Single person	Plus for wife	Married couple
1988-89 basic rates	£2140	£1287	£3427
1989-90 basic rates	£2286	£1368	£3654
1990-91 (RPI up 6.6%)	£2413	£1462	£3875

you can make use of both single allowances and of the married couple's allowance, and that neither income will fall in the age allowance withdrawal band.

The first accompanying table shows annual rates of National Insurance pension for last year and this; the planning projection for 1990-91 has been based on the assumption that inflation will have dropped to 6.5 per cent by September. A wife's National Insurance pension will count as her own income even if it arises solely as a result of her husband's contributions.

The second table shows the basic and age allowances, with the income limits and the marginal levels at which age allowances run out. Indexation depends upon the increase in the Retail Price Index for the

	At 1988-89 levels	Projections for 1990-1991 if RPI Dec. 88-Dec. 89 is +5.5% (Per FSBR)	+7% (Planning)
Single Allowance	£2,783	£2,840	£2,900
Married Couple's Allowance Age 65-74	£1,580	£1,680	£1,708
Single Age Allowance	£3,400	£3,580	£3,640
Married Age Allowance	£1,985	£2,100	£2,130
Age Allowance Income Limit	£11,400	£12,100	£12,200
Age Allowance runs out above: Single person	£12,638	£13,400	£13,480
With married age allowance	£12,428	£13,240	£13,340
Age 75 & over Personal Allowance	£3,540	£3,700	£3,760
Married Couple's Allowance	£2,625	£2,740	£2,770
Age Allowance Income Limit	£11,400	£12,100	£12,200
Age Allowance runs out above: Single person	£12,610	£13,300	£13,360
With married age allowance	£12,398	£13,120	£13,220



## INDEPENDENT TAXATION FOR MARRIED COUPLES

not, the interest is paid without deduction of tax. Government stocks (gilts) can also be used. The interest is taxable but tax can be reclaimed by non-taxpayers; and if you buy gilts through the post office, the interest is paid without deduction of tax.

When planning to prevent the income of either spouse from falling into the age allowance withdrawal band, it might be prudent to assume that the income limit for 1990-91 will be only £12,000 and that age allowance will run out at £15,000 for the husband and £14,000 for the wife.

For the purpose of the income limit, interest from building societies and banks must be grossed-up by adding one-third to the net amount received. Chargeable gains on insurance contracts must be included.

Provided that you can adjust the balance of income between you, the planning figures suggest that, in 1990-91, no tax will be payable on the first £7,700 where age allowance does not apply to either spouse, rising to a maximum of £9,770 if both qualify for the over-75 rate.

And if you have a combined gross income of £24,000, which you can split equally between you, it should be possible for both of you to enjoy full age allowances and to achieve a marital tax bill which is £1,348 less than in 1989-90.

## Unit trusts: Christine Stopp examines Save & Prosper's record It's time to produce the goods

IN A MARKET where short-termism is decried vehemently as a noxious epidemic, Save & Prosper is one of a handful of unit trust groups that really can produce really long-term performance figures. For example, a £10,000 investment in S&P's High Return trust in 1965 would, in 1988, have paid out £3,280 in dividends (compared with £803 from a similar building society investment) and would have had a capital value of £84,880.

Yet, in cumulative figures going back seven years, High Return has not once been above the sector average. Indeed, far from being an investment phenomenon, the impressive High Return figures reflect primarily what the UK equity market has done in the period (the M&G Dividend fund, for example, did even better).

Nevertheless, most investors would probably not complain at such a return and might go along with the view that S&P has accomplished its objectives as outlined by Christopher Tracey, the investment director. He says: "We aim to beat inflation, to improve on the building society, and to give the greatest possible reward with the least risk. We are not a short-term fashion house. To plan to be top of the tables is asking for trouble. We make no apologies if people see us as being on the dull side."

To eschew short-termism might be regarded as a virtue, but it is merely an excuse for poor performance? Looking at cumulative figures over the past seven years, S&P has few top performers; and of those it does, half are in small, specialist sectors. Of eight trusts in the three big UK sectors, only Scotsbans and Smaller Companies Income have anything like a record of long-term consistency. Other trusts which

### Save & Prosper strong and weak performers Offer-to-bid, income reinvested. Years to 1.4.89.

Trust	1	2	3	5	7
Smaller Cos. Inc.	18.6 (15/125)	21.3 (17/108)	74.9 (14/98)	188.1 (11/67)	367.6 (18/55)
US Growth	13.9 (57/117)	3.8 (16/103)	1.5 (24/90)	54.1 (12/59)	185.0 (10/56)
S.E. Asia Gth.	45.1 (10/77)	30.4 (7/65)	121.2 (3/53)	132.0 (6/30)	174.7 (19/22)
Energy Indus.	25.3 (1/30)	19.7 (1/27)	61.8 (3/24)	37.8 (1/19)	105.3 (5/13)
UK Equity	11.7 (75/109)	5.2 (53/99)	26.9 (95/91)	120.4 (43/75)	293.5 (30/66)
High Return	11.3 (86/125)	8.8 (96/108)	4.1 (75/98)	152.9 (43/67)	345.4 (35/55)
European Gth.	19.3 (52/101)	18.4 (57/84)	12.1 (31/59)	103.7 (16/18)	310.6 (8/11)
Japan Growth	3.5 (47/60)	13.7 (47/60)	74.3 (28/55)	140.3 (21/32)	464.3 (11/15)

have been frequent visitors to the top quartile are Energy and South East Asia Growth.

The group's main defects are a patchy record in the staple UK trusts and few successes in other major markets. US Growth is an exception. But the group's other two US funds - Smaller Companies and Income & Growth - have not done well.

Some of S&P's troubles are historical. There was no in-house management team until 1978: trusts were contracted out to other groups. Tracey admits frankly that performance in the 1970s was "dreadful." He also reckons it takes 10 to 20 years to establish an in-house team. But it is easy to put blame on outside fund managers who are no longer there to defend themselves, and the first 10 years of establishing the team are up. By any standards, S&P should now be coming up with the goods.

The market perception of the group has been of a declining giant, and market share figures bear this out. In 1986-87, when fund managers' salaries (as

well as equity markets) went mad, the group found itself losing good managers who were lured away by the more varied prospects of groups offering other types of fund as well as unit trusts.

In April last year S&P became owned wholly by, and merged operations with, its major shareholder, Robert Fleming. A team of 15 managers and no analysts before the merger became one of 60 managers and analysts in the combined fund management group. This, plus access to the Jardine Fleming fund management operation in Japan, should bring considerable benefits.

Tracey claims: "The way we make investment decisions now is less hand-to-mouth than it used to be."

In the one-year performance figures, 14 funds out of 31 are above average compared with nine out of 36 over five years. This suggests the position is being turned round but doesn't say much for the way investment was being run before the merger. For a £2bn group to say that decision-making is now "less hand to mouth"

gives cause for concern.

In comparing funds with the sector average and with the competition - the top 40 or so groups - Tracey sees an actual cause for worry in a fund which has become a chart-topper, since this might mean it is taking undue risks.

This novel cause for anxiety stems from the fact that many S&P unitholders have been investors for very long periods - perhaps even 20 or 30 years - and preservation of their capital is seen as paramount.

As a result of its cautious philosophy, S&P survived the 1987 crash relatively well. But the poor performance of the large funds is due partly to the continuation of the same approach in 1988 when a more aggressive stance would have been more appropriate.

There has been a change of managers on the UK Equity fund. Success in this sector has been due largely to takeover stocks over the past few years, and S&P's refusal to take large positions in individual companies has been damaging.

The main aim for the immediate future is to make the main UK funds more solid. The Fleming merger did not result in the larger group "stepping in and doing things." The major changes have been the enlarged team, the big company atmosphere, and the availability of UK and overseas research from the parent group which has a strong reputation for managing investment trusts.

There is plenty of scope for applying the new injection of expertise. The group hopes to be consistently above average but, as Tracey admits, there are still "too many stragglers." High Return's impressive record since 1965 says more for long-term investment in the stock market than for S&P's specific expertise.

## Coutts branches out

COUTTS & CO., the exclusive private banking subsidiary of NatWest, is reporting slightly downmarket with the launch of a portfolio service which invests in both unit and investment trusts.

The bank already has an investment management side, which handles portfolios with a minimum of £100,000. But it has now decided to cater for customers, and non-customers, with smaller portfolios.

Percyine Banbury, head of investment management, said the new service was designed primarily for customers of the

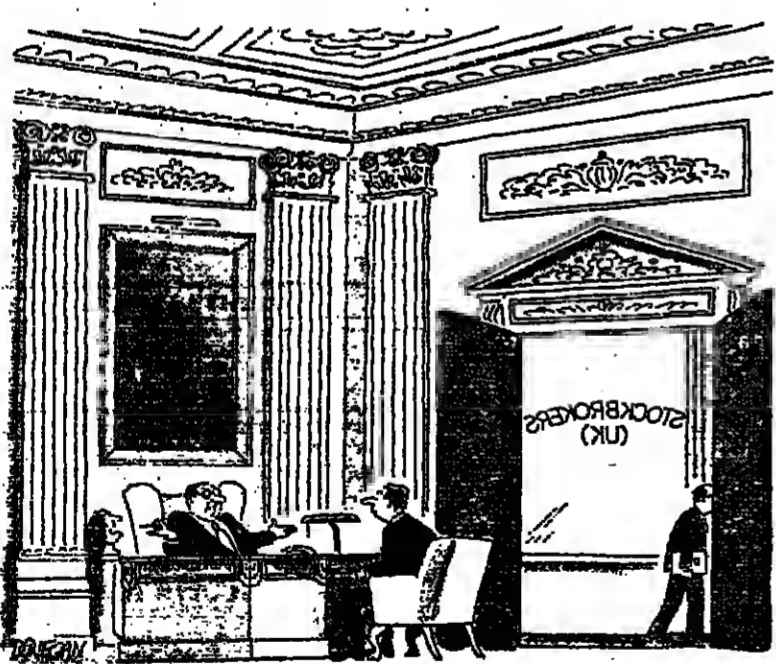
bank who would normally be expected to have an annual income of over £50,000, or free assets of £150,000. However, with its freedom as an independent intermediary, Coutts was able to offer medium-sized investors the opportunity to establish a portfolio that minimised risk, while aiming at long-term capital growth.

There will be fairly stringent rules, though. For example, the portfolio will include only investment trusts with funds under management of more than £50m, and unit trusts with at least £20m - and both

must have had a good performance record over the past five years. The portfolio will usually be made up of 30 per cent unit trusts and 70 per cent investment trusts.

There is a setting-up charge of 2 per cent of the amount invested, plus a half-year management fee of 0.5 per cent. In addition, there are the dealing costs in the underlying holds, although Coutts hopes to negotiate discounts on unit trust purchases that will be passed on to customers.

John Edwards



## Where do you take £25,000 when nobody wants to know?

As the major stockbroking houses become increasingly "institutionalised" fewer and fewer of them want to know the private investor - even when he can command funds of £25,000 or more.

An honourable exception is Prudential-Bache Securities who do not merely welcome the private investor but offer him professional advice, personal financial planning, and market expertise, backed by a group of 20 senior UK analysts.

Our commission rates are very competitive.

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Prudential-Bache Securities, with offices in 330 locations around the world, is the stockbroking arm of the Prudential Insurance Company of America, the largest non-bank financial services company in the world.

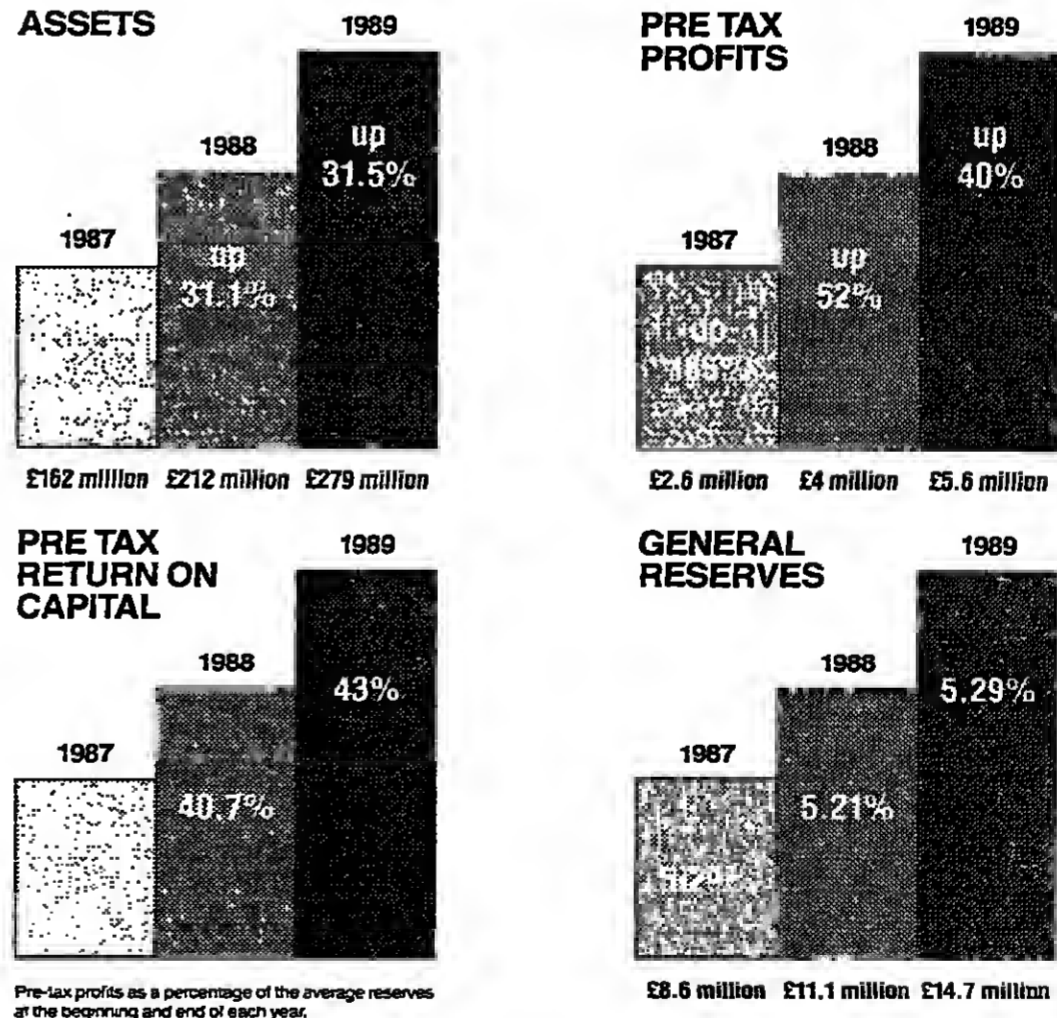
Why not call Sheila Bromley on 494 8785 during business hours and arrange to come in and find out more? After all, we don't call it a personal client service for nothing.

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## 1.9.8.9 RECORD RESULTS



Provisional results year ended 31st March 1989.

## Walthamstow Building Society

869 Forest Road, Walthamstow, London E17 4BB. Tel: 01-531 3231.



FINANCE & THE FAMILY

EXPATRIATES

UK building societies lure offshore money

While the table reveals some very enticing rates, it should be remembered that there is no such thing as the "best" building society buy. This is because the decision as to what is best must be made by the individual saver, according to the amount of money he wants to place in an account and the length of time he is prepared to have that money tied up. Remember also that constant

A selection of 'best' gross interest building society accounts. Table with columns: Society, Minimum Investment (£), Interest Rate, Withdrawal Notice. Includes societies like Swansea, Frome Watwood, Worcester, Catholic, Woolwich, Town & Country, Bristol & West, Darlington, Halifax, Melton Mowbray, Walthamstow, Gasfields, Surrey, Buckinghamshire, City & Metropolitan.

David Roberts, the manager of Halifax's Overseas Business Unit, is shy of revealing detailed figures but concedes he has noticed a growth in business from foreign nationals, mainly Europeans and Americans. Roberts maintains the flow of money from overseas is important to the Halifax because it is consistent from one month to the next. In contrast, the money tends to fluctuate either seasonally or because of competition from other forms of saving and investment.

Diary of a Private Investor It takes time to root out share bargains

THE DAYS when it was possible to invest in almost any UK-quoted company and make a reasonable profit seem to have long gone. The private investor now needs to look closely at a company and its prospects before making a decision as to whether to invest. There are still some good bargains to be found, but it takes much more effort to find them. I still have investments in a number of mainly small companies plus possible "takeover targets" and "special situations". But I remain rather cautious about the short-term prospects for shares. As to the medium and long term outlook, who knows? Does this mean that non-stock market investments now have greater appeal? With inflation apparently still rising, my and my wife's investments in the fourth issue index-linked National Savings Certificates look even more attractive as a "safe haven" for some of our money.

Each year, the certificates pay a range of interest that matches the rate of inflation as measured by the Retail Price Index. This is added to a basic rate of interest which ranges from 3 per cent in the first year to 6 per cent in year five, providing an overall return of about 10 per cent per year on top of the inflation proofing if the certificates are held for the full five years. When the certificates are cashed in, the repayments are free from all UK tax, which

might make them particularly appealing to higher rate taxpayers. They might also be attractive to non-taxpayers who do not want to tie up too much money in a bank deposit account from which basic rate tax will automatically be deducted.



Unfortunately, the maximum holding per person of the fourth issue index-linked certificates is only £5,000. This is possibly because the government is not 100 per cent sure it can "control" inflation and because government funds are heavily in surplus and so it does not really need to borrow further sums. So far, however, the government has kept the minimum holding level of these certificates at £25, but it has recently announced that the minimum purchase of Premium Bonds will rise from £10 to £100 from July 1 this year. Perhaps the government still wants to encourage "small savers", but not "small gamblers". The chance of winning any premium bond each year is one

In the Abbey National flotation children will receive an extra 5.8 per cent interest on the amount in their accounts as at December 31, 1988, as a "compensation payment" for not having a vote on whether or not the society should convert into a public company. Recently my wife and I have opened separate modest building society accounts with National and Provincial, which has been "kipped" as being one of the most likely building societies to follow Abbey National's example. Alliance and Leicester is also thought to be seriously considering an eventual flotation and, as I already have an account with that society my wife has recently opened one with them in her own name. Turning back to the stock market, I remain concerned about the high level of interest rates and the huge foreign trade gap. If millions of people already appear to accept interest rates of 25 per cent, and sometimes over 30 per cent, on certain credit cards and borrowings then will an extra half or 1 per cent on interest really cause them to cut their spending on foreign products? Surely higher interest rates mean higher costs for British exporters who will then pass them on to consumers making foreign products even cheaper and more attractive in comparison? Kevin Goldstein-Jackson

The memory lingers on

IT IS astonishing that the Finance Bill 1989 should include a strong attack on private investment companies. It is proposed that, in future, they are to be taxed at the higher rate of income tax if they fall to distribute less than 85 per cent of investment income to their shareholders. They are also to be obliged to distribute their capital gains. In addition, their management expenses - such as office costs, directors' fees and loan interest payable on their borrowings - are no longer to be deductible items in computing their tax liabilities. Moreover, private companies which serve as vehicles for dealing in real estate or stocks and shares are to be treated not as carrying on an active business but as if they were passive investors. The reasoning for this switch in government attitude has not been explained. All that is known about the objectives of the change is that, under existing law, companies

get tax deductions for interest and other payments in circumstances whereby an individual taxpayer (if it is said) could not get comparable deductions. Thus, the Chancellor's ostensible purpose is to secure neutrality and to destroy the fiscal attraction of a private company vehicle. Given this alleged objective, it is reasonable to examine in some detail how it is being fulfilled. Two different possibilities emerge: either the Revenue has made an honest error and has failed to recognise that it is creating a system under which companies are to be positively disadvantaged by comparison with individual investors; or the explanation put forward is mere humbug. On the first supposition, individual taxpayers carrying on the activity of dealing in land or other investments are permitted to set against the

taxable profits of this activity the commercially reasonable costs of managing the enterprise. These include office services, professional costs, payments to managers and travel. But if the corporate framework is chosen to undertake these activities, these items become no longer deductible. Why should that be so? The corporate vehicle is not an abuse. It is a convenient vehicle permitting the aggregation of such activities into a composite whole, the raising of short and long-term finance and the adoption of limited liability. Suppose the partnership alternative, and not the corporate vehicle, is selected. Five individuals, in partnership, are liable to pay tax at only 25 per cent on investment or dealing profits totalling over £100,000 (ignoring personal allowances, other deductions

or income). But if they use a corporate vehicle, and re-invest income for the long term instead of drawing it down for present consumption, then the tax rate rises to a flat 40 per cent from the very first pound of profits earned. So does it seem as if the second explanation of positive discrimination is the true one? There seems to exist in the Revenue philosophy a continuing bias against the rewards of passive investment by comparison with those of active manufacturing. The distinction between "earned" and "unearned" income has long since been abolished, but the memory lingers on. Receiving investment income and dealing in property and securities are somewhat tainted with tax avoidance. They remain suspect. Under a Conservative gov-

ernment, popular capitalism is to be strengthened and deepened, in the Chancellor's own words. But when capitalism ceases to be at the modest level of PEPs or ESOPs and becomes a structured business, the tax pressure is to intensify. What has happened to neutrality, which was designed to give equal treatment to all activities and diminish the intrusive nature of the fiscal system? It appears that these measures have been formulated by the Revenue rather than by ministers concerned with this neutrality policy. It is reported that the Government will be putting forward amendments during the committee stage of the Finance Bill to "complete the drafting." That should be a good opportunity to withdraw, or least amend substantially, this proposed unfair legislation. Oliver Stanley

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COMPANY NOTICES. De Beers Consolidated Mines Limited. NOTICE IS HEREBY GIVEN that the one hundred and first annual general meeting of members of De Beers Consolidated Mines Limited will be held at the head office of the Company at 36 Stoddole Street, Kimberley, on Monday, 22nd May 1989, at 14H15, for the following business: to receive and consider the annual financial statements of the Company and of the Group for the year ended 31st December 1988; to elect directors in accordance with the provisions of the articles of association of the Company; to consider and, if deemed fit, to pass, with or without modification, the following resolution as an ordinary resolution: "That the directors be and they are hereby authorised to allot and issue, after providing for the allotment and issue of the 5 ordinary shares in terms of The De Beers Employee Shareholder Scheme, all or any portion of the unissued 5 ordinary and deferred shares of five cents each in the capital of the Company at such time or times, to such person or persons, company or companies, and upon such terms and conditions, as they may determine."

Bid to reclaim tax. I SHALL soon be retiring at age 63 and starting a private pension. Simultaneously, I will receive a capital sum of approximately £20,000. In view of separate income tax assessments starting in April 1989, I would like the £20,000 to be in my wife's name. Ideally, I would like the sum to be invested in (say) a building society to earn a high rate of interest to use as additional income. However, as I understand it, the interest would be paid after deduction of 25 per cent income tax and this cannot be reclaimed. My wife has virtually no other income and so her personal allowance would be lost. Can you suggest an alternative that would offer the same security and high interest rate, but one that would enable my wife to reclaim tax to absorb her personal allowance? We would both prefer tax to be deducted at source so as to avoid the unpleasant shock of a tax bill. I am making the assumption that my own compulsory purchase annuity (pension) bought on the open market cannot be transferred partially into my wife's name. Our Briefcase service does not extend to investment advice, particularly in view of the Financial Services Act 1986. You should seek advice from someone authorised under that Act. No income tax is deducted from building society dividends/interest, but the rate of dividend/interest actually paid reflects the burden of reduced-rate tax (sometimes called unreplicable tax - although that is a different tax, strictly speaking) borne by the society. In the hands of a basic-rate taxpayer, the only tax payable is the age surcharge (now 22.22 per cent of the actual dividend) for people over 64 of modest means. In the hands of higher-rate taxpayers, the only tax payable is excess liability (now 20 per cent of the actual dividend). In the hands of a non-taxpayer, there is nothing to be claimed from the Inland Revenue. when. But it has been offhand in its attitude and has said these are too difficult to trace over the years. This is totally unacceptable. Is there any legislation under which the society is compelled to give me a full breakdown of payments upon request? Also, is it possible to divide the account for future repayments? You can certainly insist that the society gives you an account showing all payments which have been made: if necessary, you can sue in court for an account. You cannot, however, insist on dividing the account between you and your brother: you would have to repay the loan and take out a fresh mortgage. been incorrect and that tax relief would be withdrawn on the annuity payments from 1981/82 up to ceasing to work in the NBS. A large amount of tax (around £1,500) is now being claimed by the Inspector. This seems most unfair but my accountant informs me that the inspector can either be decisive for the six-year period in question, or appeal to the tax commissioners, which would be pointless. Was your accountant negligent in failing to check the working of concession A9? If you have not read the concession yourself, ask your accountant or your tax inspector for a copy of the free booklet IR1(1988) which sets out the alternative bases for NBS practitioners for 1972/73 onwards. If your accountant was not negligent, then ask him whether it might be worthwhile inviting your MP to refer the matter to the Parliamentary Commissioner (the ombudsman). The Parliamentary Commissioner might wish to consider, for example, whether the fact that your tax inspector could not understand what concession A9 meant, between 1981 and April 1987, indicates maladministration by the Board of Inland Revenue in the drafting of the concession and of the relevant paragraphs in the official instruction book issued to tax inspectors (which is protected by the Official Secrets Act). We take it that your accountant has already checked that you do not stand to benefit from concession A19 - Arrears of Tax Arising Through Official Error? Neighbour's refusal. ON HIS death, my father bequeathed to me his semi-detached property and, after a lapse of some 10 years, I propose to sell it. The owner of the adjoining property - who is anxious to acquire mine, and who owns also the land immediately to the rear of my house - has let it be known that he would not permit any other purchaser to enter upon his land for the purposes of essential maintenance of my property. Is any legal justification for this attitude, even though it is agreed he would be compensated for any damage to his ground in the process? My neighbour would be entitled to take the stand which he now does if the owners of your property have not acquired a right to enter the neighbour's land to carry out maintenance work to your house. There could be an express grant of such a right in your title deeds; but if there is not, it is possible that a right might have been acquired by you, and your father, having actually used the neighbour's land for that purpose on a number of occasions over a period which exceeds 20 years.

LEGAL NOTICES. No. 001443 of 1989 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION. IN THE MATTER OF CARLTON COMMUNICATION PLC - and - IN THE MATTER OF THE COMPANIES ACT 1985. NOTICE HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division dated 10 April 1989, in relation to the liquidation of the Share Premium Account of the above named Company was registered by the Registrar of Companies on 17th April 1989. Clifford Chance. Poynter House. Aldersbury Square. London EC2V 7LD. Rate-charge RWC. PERSONAL. AUTHORS. Your book published. For details: FT, Excalibur Press, 1 Elystan Place, London SW3 3JA.

GROWING BUSINESSES. The Financial Times proposes to publish a Survey on the above on 24th May 1989. For a full editorial synopsis and advertisement details, please contact: Sue Mathieson on 01-873 4129 or write to her at: Number One, Southwark Bridge London SE1 9HL. FINANCIAL TIMES (LONDON'S BUSINESS NEWSPAPER)

The right to be told. FOR THE past seven years, my wife and I have lived in a large farmhouse converted into two houses (one upstairs and one down). The house is shared with my brother and sister-in-law. The mortgage is in all four names, with monthly payments split two ways. Throughout the duration of the mortgage, I have run a successful business and have always been fortunate enough to keep up the mortgage payments. However, my brother has not been so fortunate in terms of regular employment and has on a number of occasions fallen into arrears quite seriously with the mortgage payments. Our building society will not accept that we are different people and that I have kept up our side of the payments. It would now appear (a) that, after seven years of repayments, very little of the capital owed has been paid off and (b) that the term of the mortgage outstanding is indefinite, according to the society. It would also appear that the mortgage repayments are too high for the amount borrowed. My concern is that I am being penalised for my brother's missed repayments. I have asked my society for a breakdown of payments made to show who paid what and



MINDING YOUR OWN BUSINESS

It's fun to be behind the bar, chatting to the regulars, dispensing their usual tipples. Or is it? Roy Hodson and Lisa Wood investigate

# So you want to own a pub . . .

THERE IS NO more popular small business activity in the country today than owning and running a pub. It is the dream of countless thousands of couples. But the figures show the yawning gap between dreams and reality. Only about 3,000 free houses - as opposed to pubs owned by brewers, which put in tenants or managers - change hands each year, out of the 28,000 or so in the country.

It has, in fact, been a remarkably stable market year-on-year in recent times. Right now, though, there are more buyers about than suitable pubs, probably because of recent sharp rises in property prices which have enabled many couples to sell their homes to raise the initial capital to become Mine Hosts.

But few people are fortunate enough to get enough cash from their house sale to move straight into a pub without arranging extra finance. For pub prices have risen even faster

The French Emperor Napoleon claimed the British were a nation of shopkeepers. Nearly two centuries later, it seems they want to be a nation of pub-keepers instead. This is the first of an occasional series on the pleasures and pitfalls of running a public house - plus some of the legal, technical, financial and psychological hurdles you are likely to have to overcome along the way.

Aspiring pub-owners do not seem to be too fussy about its actual location so long as they are satisfied by various other factors. Indeed, 25 per cent of those surveyed bought finally in an area far different from the one they had considered first.

"People start looking for a pub in the Cotswolds and sometimes end up happily ensconced in the Yorkshire Dales," says Howard.

Interestingly, only 15 per cent of them said they had chosen their pub strictly on its merits as a business concern. The majority picked their pub because they knew the district, had contacts in it, or thought it an attractive place to live.

Clearly, life-style has more to do with pub-owning than

balance sheets and business plans in the minds of a great many couples who decide to buy. But that does not mean they are amateurs heading for failure.

Indeed, the opposite is true. The rate of bankruptcies among owners of licensed premises is low by business standards. And experience has shown that complete newcomers to the trade are just as likely to make a success of a pub as are old hands.

Why this should be so is not easy to define. One reason is that pubs are bought usually as going concerns. The new owner can increase profits (or diminish them) by the impact of his style and ideas.

But he is less than likely to run the business into the ground. Unless, that is, he takes too great a liking to the stock-in-trade.

**Next Week: Buying a pub - financing the purchase, getting a licence, suitable insurance, plus valuing goodwill and the stock.**

employees.

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Clearly, life-style has more to do with pub-owning than



Anna and Richard Abrehart . . . "this life will find any flaws in the partnership"

## Hard work all the way

ANNA ABREHART lost a stone in weight in just two weeks after she and husband Richard bought the Plough, a village pub at Coldharbour near Dorking, Surrey, just four months ago. "I was burning up with nervous energy and hard work and was not finding time to eat," she says, looking back on those early frantic days.

The Abreharts, both 45, are running the pub with part-time staff and a great deal of enthusiastic support from their four sons, who range in age from 23 to 13. But they have not had a full day off since they took charge - and that has been during the so-called quiet winter months.

They have been married for 23 years but confess they had more quarrels during their first two months in the Plough than during the whole of their life together previously. "It was the tension as we learned the job," they say.

Neither Anna nor Richard had any previous experience of operating licensed premises although they had worked together running a building contracting business. They managed to squeeze in a weekend Insight pub management course, run by Jack Knowles at Henley-on-Thames, and then they were open for customers.

They are active from 7am each day as Richard sets off for the local cash-and-carry for supplies while Anna, who does all the cooking, starts preparing shepherd's pie (the pub favourite), steak and kidney pie and other hot dishes. They do not expect to get to bed until long after midnight. Anna says: "You have to be strong people with a strong relationship. This life will find any flaws in the partnership."

The Abreharts decided last year that they worked together well enough to try their hand at the licensed trade. As much as anything, they were looking for "a more sociable life." They accepted an offer of around £200,000 for their Surrey home and began looking immediately for a pub.

The Plough had been on the market only a few days when they heard about it and offered £415,000 against the asking price of £425,000. They knew the district in the Surrey hills and they liked the idea of having the highest pub in the south-east of England (800ft above sea level) in a village with alpine qualities - it can be cut off by snow in the winter.

The Allied Irish Banks, a group which is developing a speciality of providing finance

for the pub market, came up with a mortgage of £240,000 through its finance arm - along with a prudent suggestion that the Abreharts should pay an up-front £2,400 for a three-month moratorium on interest charges and capital repayments. That useful arrangement proved a great help through the dark days between January and March.

Now, apart from the grueling work-loads they face daily, everything is going better than they had dared to hope. They are attracting new trade and have increased the average week's takings from £2,700 to more than £3,000. But they must now make mortgage repayments of £2,800 a month.

There have been one or two welcome hiccups, such as the Easter bank holiday Monday when they served 173 lunches (all cooked by Anna) and took £1,700. And there was the one day of the otherwise-mild winter when the village WAS snow-bound and they acted as honorary headquarters for a massive snowfall fight. That also helped the takings.

Both are delighted with their investment and the new life it has given them. But they know only too well that they will succeed or fail according to the time and energy they can devote to it.

**USEFUL CONTACTS**

- Brewers Society, 42 Portman Square, London W1H 0BB (tel. 01-492-4933).
- National Licensed Victuallers' Association, Boardman House, 2 Downing Street, Farnham, Surrey (tel. 0252-714-448).
- Hotel, Catering and Institutional Management Association, 191 Trinity Road, London SW17 7JN (tel. 01-872-4261).
- The National Association of Licensed House Managers, 9 Coombe Lane, London SW20 8NE (tel. 01-847-8280).
- Insight (licensed trade training courses), Jack Knowles, 5 Market Place, Henley-on-Thames, Oxfordshire RG9 2AA (tel. 0491-575-280).
- Christie and Company, 60 Victoria Road, London SW1H 0NW (tel. 01-739-2121).

**USEFUL BOOKS**

- Thinking of Buying a Pub? by Malcolm McDonald, published by Christie and Co. and the National Licensed Victuallers' Association. Price £5.95.
- Running Your Own Pub, by Ewan Mowat, published by Kogan Page. Price £9.95.
- A Pub With Roses Round The Door (a mix of information in a light-hearted style) by Steven R. Brown, published by Information Ltd. Available by mail order from Insight (see address above). Price £7.50.

## The great brewery sell-off could prove more dream than reality

WOULD-BE mine hosts and entrepreneurs are probably going to be disappointed if they believe that pubs will be two-a-penny should the Government approve the recommendations of the Monopolies and Mergers Commission on the brewing industry.

The MMC, in its lengthy report published last month, recommended that no brewer should be allowed to own more than 2,000 pubs. It says: "This ceiling will require the divestment of some 22,000 premises by United Kingdom national brewers."

"We do not believe that United Kingdom property or capital markets will have any difficulty in absorbing the change; we are recommending a maximum of three years for the divestments to take place."

However, the MMC's rosy vision of thousands of pubs released into the market to be snapped up by thrusting entrepreneurs - in what would be the biggest-ever forced disposal by the Government - is likely

to remain a pipe dream. A consensus of opinion among people involved closely in the business is that fewer than 5,000 of the 22,000 premises mentioned by the MMC might be expected to come on to the open market.

Indeed, the general belief is that most national brewers will opt to quit brewing rather than sell off their pubs because retailing is the area where investment has been concentrated over the past few years - and where the profits are.

Grand Metropolitan, Allied Lyons and Whitbread are but three of the national brewers tipped by analysts to sell their production operations. Some pub disposals are likely - as they concentrate on their most profitable outlets - but disposals will not make up the sales bonanza anticipated by the MMC. And even if considerably more pubs are sold by the big brewers than experts predict, there is unlikely to be a torrent of them pouring on to the market to create a bonanza buyers' market for aspiring landlords.

In all probability, the analysts say, the pubs would be dispersed among a wide variety of buyers. For instance, large "parcels" of them would be sold to other brewers anxious to bring their levels of ownership towards the 2,000 ceiling. Some big buyers from other trading sectors would enter the market with the aim of diversifying into the licensed trade. A number of foreign brewers might wish to move into the British market or expand their positions in it. Finally, a number of premises offered for sale would be bought by existing tenants.

Recently, there has been a sellers' market in pubs. The sort of places that a couple with capital might want to buy, in order to enjoy a complete change in life-style, are in short supply.

Jeremy Stein, the managing director of RCC, a company which specialises in advising on sources of finance for licensed premises, sums up the trade's feeling that the market is unlikely to lurch violently in the other direction because of developments following the MMC report. "The market could easily cope with the number of premises likely to become available to private buyers," he says.

**PRICE RISES OF PUBS AND HOUSES COMPARED**

(1975-100)	PUBS	HOUSES
1975	100	100
1976	111	108
1977	139	116
1978	178	148
1979	223	184
1980	271	208
1981	328	210
1982	382	228
1983	424	253
1984	483	290
1985	559	320
1986	643	364
1987	732	451
1988	805	524

Source: Christie & Co.

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MOTERING/TRAVEL

# Lovely little licence losers

Stuart Marshall burns rubber in the Lotus Esprit Turbo SE and the Porsche 944S2

THE mid-engined Lotus Esprit Turbo SE is one of the most stimulating cars I have ever driven. But, given that I had £42,500 to spend on personal transport, it is the last car in the world I would want to buy.

Let me explain. The engine is a technological masterpiece: a turbocharged four-cylinder, 16-valve, 2.2 litre, running on lead-free petrol and delivering an incredible 264 horsepower.

It is, Lotus says modestly, probably the most powerful engine of its size in an off-the-peg motor car.

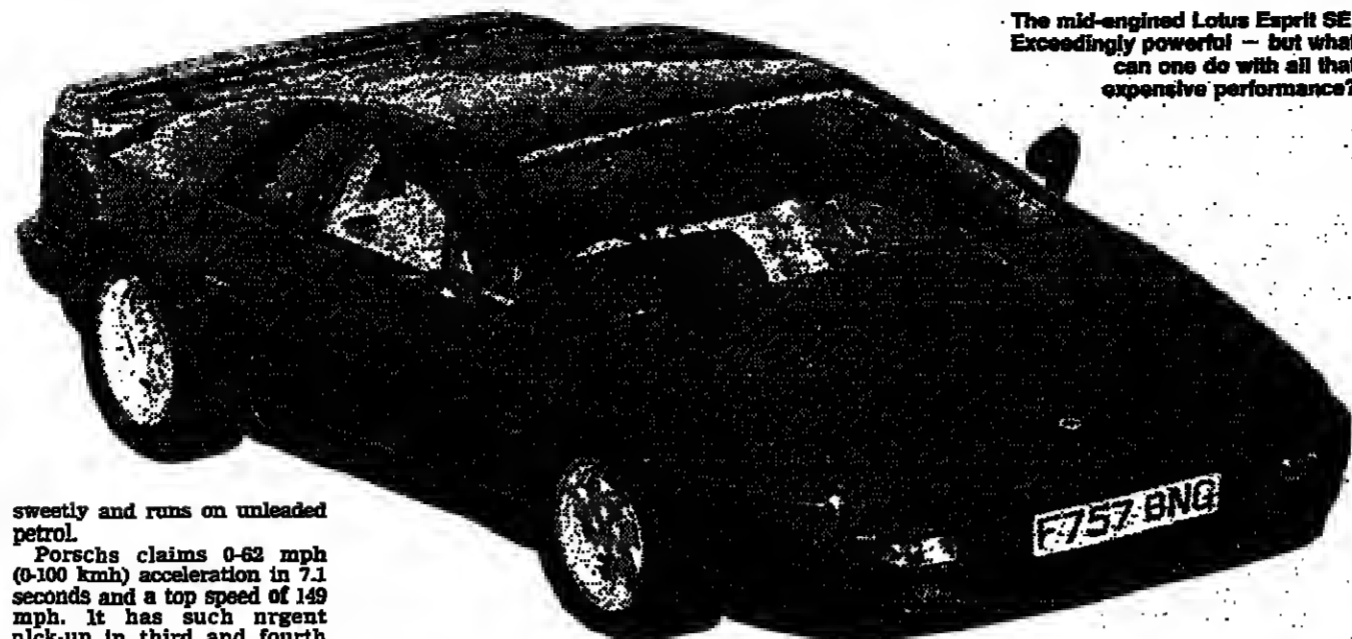
One of its secrets is charge cooling. When you compress air with a turbocharger (or, for that matter, a bicycle pump), it gets hot. Feed this heated air directly into an engine, and the power output will be lower than it would be if the air were cooler and thus more dense.

However, if you pass it through a device which makes it give up quite a lot of heat, you gain a significant amount of power. That is what a charge cooler (otherwise called an intercooler) is all about.

Michael Kimberley, Lotus chief executive and managing director, declares that the Esprit Turbo SE is the most exhilarating of his firm's products he has ever driven. I am sure he is right. The car is said to accelerate from a standstill to 60 mph (96 kmh) in 4.7 seconds, to 100 mph (161 kmh) in 11.5 seconds and to have a top speed of 163 mph (262 kmh). To which I am bound to say: so what?

I will concede that it has marvellous handling and road-holding. It can be cornered out- rationally quickly and makes legal speed limits seem oppressively low. But we have to live with them. If I have ever seen a licence-losing, the Esprit Turbo SE is it. To my mind, there would be no more point writing a cheque for £42,500 for an Esprit Turbo SE to drive at legal speeds than buying a £42,500 thoroughbred to ride in Rotten Row. (Try galloping there and see what happens).

Apart from more perfor-



The mid-engined Lotus Esprit SE. Exceedingly powerful - but what can one do with all that expensive performance?

sweetly and runs on unleaded petrol.

Porsche claims 0-62 mph (0-100 kmh) acceleration in 7.1 seconds and a top speed of 149 mph. It has such nrgent pick-up in third and fourth gears that slight pressure from the right toe makes a line of slower moving traffic melt away.

In town, it does not feel clumsy and the power-assisted steering takes the effort out of parking. On the motorway, it cruises quietly enough for easy radio listening at whatever speed your conscience - or the number of points on your driving licence - permits. On a track, I am sure the Lotus Esprit SE would out-corner the Porsche and show it a very

clean pair of heels. But does it matter? Not to me, it wouldn't. Whatever else one thinks about a 944S2, its build quality is superb. Everything fits properly and works precisely. The whole car is as solid as a rock. Given regular servicing, one feels it would be running as well in ten years as it was the day it left the showroom.

Although the 944 is nominally a 2+2, the space for rear passengers is so limited that the seats are best used for luggage that overflows from the wide but shallow boot. The driving position is just about ideal and the 944S2 is a car one feels instantly at home in.

In the aftermath of the stock market crash in October '87 Porsche had a bad time, but things are looking rosier now. The 944S2 can hardly be called a bargain at £31,304, but when you look at what you are getting compared with the Lotus Esprit SE - at £42,500, remember - it does not seem too

expensive. Standard equipment includes power steering, ABS brakes, central locking, power operated windows and tailgate release and headlamp washers. Air conditioning and a full leather interior would boost the price by more than £5,000 to £36,412. And that, of course, would also buy such toothsome hardware as a Mercedes 300E 4MATIC, BMW 535iSport, Jaguar XJ-S V12 or a brace of the new and quite delightful Nissan 300SX sports coupes.

## When roadhogs break the rules, here's the book to throw at them

THE Institute of Advanced Motorists' Motorway Driving manual is so good it is a pity that those in most need of its advice are unlikely to read it - the tail-gaters and lane-hoggers, I mean. . . . Though occasional horrific accidents make headlines, motorways are Britain's safest roads even if, as the IAM points out, this is despite, not because of, the behaviour of too many users.

Published with the help of Kogan Page, the manual is a second edition - the first sold out rapidly - and costs £3.95 from booksellers and motorway service areas. It is well illustrated and full of sensible advice. For example, in advising drivers approaching a reduced width section to move into a free lane early while traffic is still fast flowing, the manual says:

"As the traffic queues to squeeze into the reduced number of lanes, it benefits nobody to play dog-in-the-manger. If you are in a 'free' lane, then running your vehicle from the 'joining' lane slot in ahead of you. If everybody did that, even for just one vehicle each, most queues at bottlenecks would be greatly reduced."

Quite. But why should I let that old wanker rush past me in his Cavallini? When he could see perfectly well that the motorway was going down to two lanes, get away with it? An unworthy thought. I can almost see IAM Chief Examiner Ted Clements' finger wagging. . . .

Stuart Bradon's Observers Pocket Book Of Cars 1989-90 edition (Penguin, £3.95) is a handy little reference work. It lists all the things one really

needs to know about most of the late-model cars on the British market, except the price. The facts are spiced with comments which are informed and realistic. Maps, to many motorists' surprise, get out of date very quickly. For example, if you are still using a three-year-old road atlas, it won't even show the completed M25. And remember that towns such as Okehampton, Devon, and villages such as Penbury, Kent, have become fit for people to live in again since the A30 and A21 were by-passed within the last year. Motorists can only benefit from these time-saving road improvements when planning a journey by updating their maps.

Of all the maps I have, the RAC's 1:100,000 (approx 1.5 miles to the inch) Navigator

Series atlases published by George Philip and Son are my favourites. Unfortunately, they cover only the south east, south west and Midlands, but they are models of their kind. The newly-published RAC/George Philip folding maps for the whole of England, Scotland and Wales fill the gaps. Though of 1:200,000 (three miles to the inch) scale, they have enough detail to make navigation possible through lanes and unclassified roads. They cost £3.50 each. For finding your way around the area roughly bounded by the M25 (especially if the print in the small A-Z has become too difficult to read) I commend Geographia's splendid Greater London Street Atlas (£22.95). It is unbeatable for clarity.

S.M

## Merrie England Actually, it's Hove

HOVE IS not a place that immediately springs to mind for an exciting holiday - even the name, from the Saxon for burial ground, has a sober draw to it: there used to be lots of jokes about Hove being a place where people went to die and forget to do so. But times have changed. Hove might not have a palace or a pier or pink rock with its name through the middle like its neighbouring big brother Brighton, but it does have some surprises.

Not even some of its residents seem to know it has a casino, and at the Coral Stadium you can watch greyhound racing in comfort over an evening meal. The Sussex County Cricket Club, established in 1858, is the oldest in the country and a festival is planned in July to celebrate its 150th anniversary.

You can swim in the palm-fringed pools at the King Alfred Leisure Centre, and if brave enough, take a wild water course to windsurf, sail and canoe on the Lagoon; have tennis coaching with a former Sussex county champion at the Record Tennis Centre. In fact, according to some staunch Hovites, most of the good things people think are in Brighton are actually in Hove and an "Actually, it's Hove" society has been formed to press the point home.

The two-mile-long Esplanade just asks to be strolled along. I started at Embassy Court, a 1930s white block of flats that marks the Brighton-Hove border and is incongruously joined to a Regency house on the Hove side. Across the road is the turn-of-the-century Peace Memorial with its 30 ft high olive-branch-carrying angel, nearby, that afternoon, blue-jacketed bandmen were playing rousing tunes on baroque and brass instruments. In the sparkling sunshine, little girls skinned by their skate boards, little boys on bikes, fathers pushed push-chairs and in the covered shelters old men dozed, hands clasped on walking sticks. On the pebbly beach, a fisherman was repairing his tackle. By the sea, a solitary empty deck chair billowed. The beach-but community were out in force watching the windy world from the warmth of their brightly-coloured little "homes".

Turning inland, the Regency architecture is superb. There is sweeping Brunswick Terrace, painted an obligatory cream, and Adelaide Crescent curving elegantly into Palmeira Square, an obligatory magnolia. And then I discovered bustling George Street full of small shops that were built in the 1850s as homes for local craftsmen.

"At No 34, Mr Tari was selling 'real Italian' ice cream. I asked him what was real about it. He produced large tins to show me the crushed fruit from Italy with which he makes his 25 different flavours so real that they include the pips.

Greyhound racing in Hove did sound a bit unlikely, but the town has cast a cloak of respectability over the Coral Stadium. You can have a three-course meal from around £10 in the 400-seater Royal restaurant that overlooks the course and is separated from it by a glass panel. You need to book in advance, but menu and wine list are sent by post.

The racing was all over by 10.30, but Hove was still buzzing. We went to Cooles Wine Bar where Billy Anderson was playing the guitar in the cellar restaurant, and then on to investigate the casino at the Sporting Club. You do need to be a member or be introduced by one, but our hotel had arranged this for us. With players taking time out from the tables to tuck into tea and tomato sandwiches on the sofas, it didn't quite - despite the chandeliers - have a

Monte Carlo feel, but it was obviously popular and smoothly-run. . . .

Thirteen years ago, Jonathan Minns managed to save Hove's Victorian pumping station, from demolition. With £300 in his pocket he began his campaign to turn it into a showpiece for the development of steam power and the British Engineering was born. Now he has over 2,000 models, life-size exhibits and workshops that are not only for restoring old engines but for designing museums in many parts of the world. On Sundays and bank holidays, the magnificent 1876 Beam Engine is in steam - a hydraulic sight with the wheels turning and the pistons see-sawing with a rhythmic throb. . . .

By on the Downs, just ten minutes drive inland, other Sunday activities were in full swing. At Devil's Dyke I watched families flying kites and hang gliders swooping off over the deep valley. On clear days they say you can see right across to Windsor Castle. Hove's Museum and Art Gallery in New Church Road has an unusual atmosphere, perhaps because it was built in the 1870s as a family home. In



the pleasantly proportioned rooms are interesting collections of pictures, modern furniture, jewellery, coins and toys; and outside on the front lawn is the intricately carved Jaipur Gate. This was a gift from an Indian trade delegation in 1886 and from the roof, conventional brass bands once played. . . .

For the oldest house in Hove, go to the flint-walled Hangleton Manor with its oak-paneled rooms, owned in the 16th century by the Sackville family but today a pub and owned by Frank Saunders, who recently bought the Lord-of-the-mansor-ship at a London auction. In the garden, a 17th century dovecot has been restored at a cost of about £10,000.

Street parking in Hove is free and the multi-storey car park costs just 40p a day. It has clean streets and lawns since the local council introduced a poop-scoop by-law. The Mayor launched the scheme with his own scoop, 800 others were given away free and now three tons of the stuff is removed each week from the 50 "Hove Dogs Keep it Clean" bins round the town. A dog warden is on patrol in her Bedford van with her own dog sitting beside her to show that she is not really anti-dog.

Information: Hove is 57 minutes by train from London Victoria. By car, take the M25 and then M23 to Brighton. Gatwick Airport is 25 miles north. I stayed at the small family-owned Whitehaven Hotel in Wilbury Road, five minutes walk from the sea with solarium, small walled garden and superb food. The local tourist information centre (tel: 0273-775400) will supply a list of more than 40 other restaurants in the town.

Angela Wigglesworth

### SNAPSHOT

LEAVING THE agricultural lands of Idaho behind, the road crossed the Snake River and climbed suddenly through the forest. It was almost 4pm and we had eaten nothing since unravelling the mysteries of an American breakfast. Back in Twin Falls we had indulged in "hash browns" and "short stacks" among other things, and now it was time for tea. . . .

What was placed before us five minutes later was enough to feed an army but was fit for a king. Each bun, fresh from the oven, oozing the edges of its plait. A melting knob of butter flowed over the soft white icing which covered the sweet fluffy dough in a spiral like an enormous fruit-free Chelsea bun. It was delicious, and easily kept us going until dinner much later. . . .

Immediately outside, in the warm afternoon sun, we watched a first white pelican, then a Caspian tern and finally an osprey all fishing in a narrow arm of a lake. We stood for ages as the osprey plunged repeatedly into the surface waters. In spite of its efforts, it failed to catch anything. Replete with our rolls, we felt nothing but sympathy. . . .

Michael J. Woods

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TRAVEL

THE DATE was June 20 1947 and time, as they say, was about to run out for dapper hoodlum Benjamin "Bugsy" Siegel.

The mobster had returned to the luxury Beverly Hills mansion of girlfriend Virginia Hill after dining at an oceanfront restaurant.

Bugsy was relaxed. His latest venture and most expensive plaything - the Flamingo Hotel, out there in Vegas - was finally coming good.

Bugsy was a real-life caricature of a Hollywood gangster. Young and handsome, his ego was insatiable.

He started in New York. His peers and associates comprised the top echelon of America's criminal element: Al Capone, Dutch Schultz, Lucky Luciano, Frank Nitti. To cite but a few.

Then Bugsy went to Hollywood. Bugsy went to Hollywood on the orders of the Mob, to operate a wire service for West Coast hoodlums.

He dressed in finely tailored clothes. Escorted voluptuous women. Drank the coolest champagne. And wielded terrifying power.

Not content with his nefarious accomplishments in the Los Angeles underworld, Bugsy dreamed of going legitimate by building a desert hotel-casino - the world's most luxurious - that would hog the minds of a C. B. DeMille or a Darryl Zanuck.

The Mob bankrolled his project. The Flamingo was a milestone. But it just ate money.

The reason Bugsy was relaxed that fatal June eve in 1947 was that the Flamingo was at last making profits.

On returning from the restaurant, Bugsy sat on the couch with the Los Angeles Times.

But a burst of angry gunfire split the fragrant night air.

It was all over in seconds. An unknown assailant pumped several rounds through a window of Virginia Hill's love-nest.

Five shots scattered. But four found their mark. Bugsy lay dead in a swelling crimson puddle.

Yet the mobster's dream did not perish with him. The Flamingo flourished, ushering in a new era of splendour and opulence that would set the standard for all future establishments on the Las Vegas Strip.

Bugsy's Flamingo became a real class joint. AND SO IT remains today - located, as it is, at 3555 Las Vegas Boulevard South, 28 stories tall, a glittering confection of throbbing pink neon at the very intersection, opposite Caesars Palace, where Bugsy first scuffed his toe in the desert and called it a groundbreaking. Except that what Las Vegas calls a real class joint bears little resemblance to what anyone else calls a real class joint.

Most that matters, Las Vegas is Taste City, shimmering, glitzy, raddled, neon-bathed and sun-baked, so comically vulgar, so consummately over the top, that it is difficult not to like it - in exquisitely small doses.

Bugsy's Flamingo, for example, is now the Flamingo Hilton - cheerfully outrageous and glitteringly successful: so big, at



2,920 rooms, that it claims to be the world's second largest resort hotel, bested only by the Las Vegas Hilton itself, some blocks away, which has 3,174 rooms and calls itself, unblinkingly, a "monument to modern-day hospitality."

They really are enormous, these Vegas hotels. Early last month, in the week before the Mike Tyson-Frank Bruno world title fight, I shishayed up and down the Strip, in and out of these astonishing edifices with their shockingly impersonal service and drearily identical food, and felt as though I was inhabiting the same time warp that shelters the Titanic. No-one appears to be in charge. At times they seem almost out of control as thousands of guests and visitors mill and flounder and spend, spend, spend.

In many ways, the career of Bugsy's Flamingo matches that of Las Vegas itself. Within a day of Bugsy's murder, percentages of the hotel's stock were being tossed around like slices of apple pie, and a new partnership emerged. Under the stewardship of mobster Gus Greenbaum, the Flamingo prospered. In 1960, two Miami hotelmen bought control. Then it passed to Kirk Kerkorian, whose impact on the Vegas hotel scene in the late 1960s was actually greater than that of his more publicised rival, Howard Hughes.

In mid-1970, Kerkorian signed an agreement with Hilton which bought both the Las Vegas International and the Flamingo - marking, for the first time, the entry of a major corporate hotel chain into Nevada

and heralding two decades of spurting corporate growth in Taste City, which continues to this day.

Las Vegas is a century-and-a-half-old. On Christmas Day 1829, a group headed by New Mexican trader Antonio Armijo sent a scouting party to look for water, at some point in the following days a young scout, Rafael Rivera, stumbled upon an oasis, Las Vegas Springs. Twenty-five years later, Mormon settlers from Salt Lake City began building a fort of adobe bricks, near the current intersection of Las Vegas Boo-

road, practically insulated Vegas from the Great Depression.

In 1940, hotelman Tommy Hull built the El Rancho Vegas on the site now occupied by the Sahara Hotel - the beginning of the Vegas Strip. Other hotels followed: the Flamingo, Desert Inn, Sahara, Sands, Riviera, Dunes, Hacienda, Tropicana, Stardust, and on and on.

Today, Las Vegas bears scant resemblance to the dusty watering spot of 1905. It has survived the Mob. You would never mistake it for a Bible Belt town, but fear

and loathing are on the wane. It craves respectability. Last year it attracted 17.2m visitors, many of them on junkets from Pacific Rim countries like Japan and Hong Kong. Vegas has 61,394 hotel/motel rooms, with another 11,000 under construction and more than 20,000 planned.

As Vegas grows bigger, the pace of its round-the-clock gambling grows ever more hectic. It is like a monumental slot machine towering in the desert. Throughout southern Nevada there are more than 58,000 slots and more than 2,600 gaming tables, with much of the action concentrated in the casinos of Clark County, which includes Las Vegas. Great fortunes are at stake, because in 1988 the statewide total of taxable gross revenue in Nevada's

casinos rose by 8.7 per cent to \$4.27bn. (The casinos' gross revenue is the total amount wagered less the winnings paid out.)

Some gamblers bet big. Arabs and Mexicans were formerly the stars, until the oil price fell. Now the Hong Kong Chinese are said to be the biggest gamblers. Some of them bet up to \$50,000 per hand, winning or losing - in a single weekend - as much as \$10m. But most gamblers bet small, pouring their coins and notes into Vegas's stickily gulping maw.

Las Vegas is fine, but only in exquisitely small doses, says Michael Thompson-Noel

leward North and Washington Avenue. Part of it still stands, preserved as an historic site.

In 1910, Nevada became the last state in the West to outlaw gambling, with a law so strict that even the custom of flipping a coin for the price of a drink became illegal.

According to the Nevada State Journal in Reno: "Stilled forever is the click of the roulette wheel, the rattle of dice and the swish of cards."

At the State Gaming Control Board I was told that about 55 per cent of the entire Vegas take is sucked up by the slots, some of which are joined together in an unholy system called Megabucks, a statewide progressive slot machine network that links 97 casinos in 22 centres throughout Nevada.

In the first Megabucks jackpot of 1989, 54-year-old Donald Sarbaugh, who identified himself as a "former street person" though he now works for a Las Vegas recycling company, won \$2,756,384.26 after 40 minutes of play by lining up four Wild 7's on the bottom pay line of a Megabucks machine at the Palace Station Hotel and Casino in Las Vegas. The current world slot jackpot record belongs to Carmine Brewer of Reno, Nevada, who won a Megabucks jackpot of \$6.8m 14 months ago.

If I were you, I would try and ignore the wicked slots and other casino games, for they will drain away your money with a hideous gurgling sound as sure as eggs in

eggs. To get your money's worth in Vegas, see a few shows, seek out the Japanese restaurants, laze by the swimming pool and spare an hour for the Liberace Museum on Tropicana Avenue, a collection of some of the cars, pianos, costumes and memorabilia of the late great showman. It is not at all tacky - well, just a teeny bit, perhaps: a million too many rhinestones, but nothing outlandish.

Old people love Las Vegas and are flocking there to live, attracted by the climate, the low taxes and the variety of entertainment. If they tire of the casinos, they can always pop across to the Senior Citizens' Center, where the programme includes a "Pancake Brunch & Free Blood Pressure Check," as well as an audio-visual show entitled "Fraud and Other Con Games."

The best sight in Las Vegas is the road out of town - any road, for Vegas is very well placed as a stepping stone to some desolate, splendid spots. Within an hour's drive are Hoover Dam, Lake Mead, the Valley of Fire State Park and Red Rock Canyon. Vegas is also a good starting point for day trips to ghost towns and old-west communities such as Rhyolite, Potosi, Goodsprings, Searchlight, Pioche, Goldfield and Tonopah. A hit further afield, you can reach Death Valley (California) the Grand Canyon (Arizona) and Bryce Canyon and Zion National Park (Utah).

Although Las Vegas is in the heart of the south-west desert, within 35 miles there is a mountainous region that boasts a ski resort. The area is Mount Charleston and the resort is Lee Canyon, both of them part of Spring Mountain Range.

The animals to be found in Spring range are said to be the deer, elk, antelope, mountain sheep, wild turkey, coyote, bobcat, fox and chipmunk. I have driven in this desert many times, and have never seen a thing - not even a UFO - but I suppose they must be there.

If you drive from Vegas to Lee Canyon, the stuff you do see starts with cactus, yucca and creosotebush. At 5,000 ft you are in among piñon pine, junipers, sagebrush, rabbitbrush and the beautiful scarlet trumpeter. At 6,500 ft, the piñon pines are replaced by mountain mahogany, oakbrush and ponderosa pine, the pine stands becoming thicker and the trees larger the higher you get. At 8,000 ft, the aspen-fir zone begins.

The Lee Canyon ski area is at this elevation, and marks the furthest you can travel by road, though the Bristlecone Pine Trail starts there if you want to go higher. Four thousand years old, the famed bristlecone pine is said to be the oldest tree in the world, older, even, than the California redwoods. I do not know whether that is true or not, but it is being funny; but it is what the tourist people claim.

I travelled c/o British Airways' Poundstretcher, which offers numerous packages to the US. Its current mid-week return fare, London-Las Vegas via Los Angeles or Chicago, is £492; weekend: £545; advance 21-day booking. Two typical inclusive prices: 14 nights Golden West air tour (seven nights Los Angeles, three Las Vegas, four San Francisco) £965 during May. Or a seven-night California fly-drive holiday, £625, starting June 1. Reservations and brochure enquiries: tel: 0283-562760.

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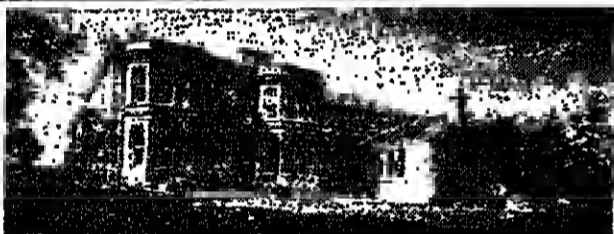
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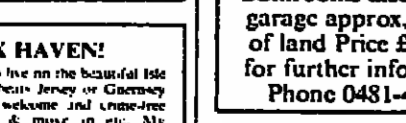
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PROPERTY

Why the crash of '89 remains a myth

NOWHERE IN the debate on press freedom and responsibility is there any direct reference to the confusion, financial loss and general disruption caused by stories forecasting a housing market crash. This might be because it is a side issue. But if it was your house that didn't sell, or your estate agency job that was axed, the past few months' news coverage will not have been something to dismiss. During autumn and winter, readers' letters and telephone calls confirmed that house price crash stories had either unnerved them, or their prospective buyers, to the extent that they were locked in an unmovable buying chain or were considering causing a chain jam by opting out of a move. At the same time, property correspondents on papers where a couple of paragraphs and a vast headline suffice as a feature article, and financial journalist colleagues on papers that should know better, were bemoaning the fact that their news editors were interested in running only price crash stories.

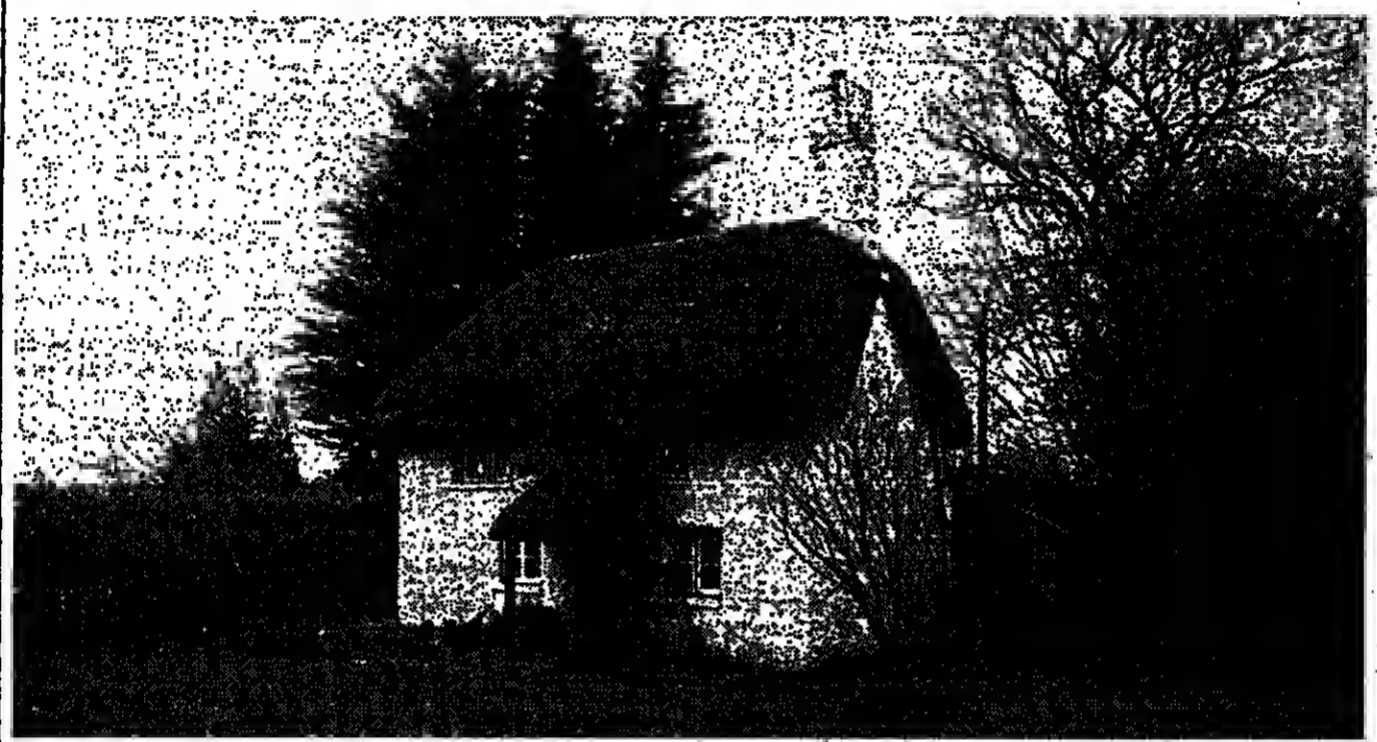
Television programmes have a similar need to pick a single, visually dramatic angle on a story, and it is easy enough to take a 15-second crash comment from the most conservative of residential market observers if you have, perhaps, 20 minutes of interview to play with. Estate agents and house-builders saying that they see no signs of a collapse have been dismissed by the line, "They would say that, wouldn't they?" There has been an almost gleeful concentration on the presumed losses of residential market speculators, the ill-loved agency profession, and the contrasting mileage that can be wrung from homeless would-be first-time buyers and over-borrowed mortgage arrears cases. It is always tempting to squeeze a little extra drama from a change in market conditions. But the stories of imminent collapse that have coloured so many views of the housing market since the autumn have been both positively misleading and influential. As the latest state-of-trade inquiry by the House Builders

Federation shows, lack of buyer confidence is now regarded by federation members as the second most important constraint on future sales. (The first constraint is that familiar cry, "inadequate supply of land to meet demand"). In their first quarterly bulletin for the federation, economists Mike Fleming and Joe Nellis throw cold water over the most pessimistic of the additional influence of "the inheritance economy" as we move to a second and third generation of mass home ownership and as more people look to parents and grandparents for cash support. Fleming and Nellis look beyond the price-to-income ratio to the figures for mortgage-advance-to-incomes and mortgage-advance-to-prices. Both these alternative market measurements are at historically high levels and the economists say: "The percentage advance figures... are not out of line with the pattern for the past five or six years." This, they argue, suggests that the affordability of home ownership has not been damaged unduly - a very different picture to that resting solely on price-to-income ratios. In any event, home loans

Despite all those scare stories, John Brennan suggests that there hasn't actually been any collapse in the housing market.

winter's housing forecasts, criticising the obsession with the house-prices-to-incomes ratio. They say: "There are good reasons for arguing that this historic norm may no longer be applicable in today's economy." Multiple incomes distort the figures. So also do people's increasing willingness to accept a higher level of debt secured on property. There is

competition and no shortage of mortgage funds has made it possible to create a broad range of low-cost loan options to shelter first-time buyers from the full effect of higher interest rates. Longer term, there are sufficiently clear demographic pressures for extra accommodation to assume an excess of housing demand over supply well into the next century. One of the reasons for the bold announcements there are expected to be an more individual households in Britain between now and 2001, and the bulk of those extra homes will be in the southern half of the country. Fleming and Nellis conclude that residential prices nationally in 1989 could be as high as 10 per cent with a geographic imbalance in the south. A similar picture is painted by the newly-improved Nationwide Anglia Building Society price index, which takes account of a far broader sample of price evidence culled from all the societies' figures. Trevor Hunswick, Nationwide Anglia's general manager, says average UK house prices were up 4 per cent in the first quarter of 1989, with virtually all the growth outside the south-east. He adds: "The rate of increase is slowing, but we still think that predictions of a house price slump this year are far too pessimistic." "The most likely outcome for 1989 is that house prices nationally will ease to around 10 to 12 per cent, with 6 to 8 per cent in the south and possibly as much as 20 per cent in the north and in Wales." The Halifax house price index takes a more conservative view of the market in the medium term, focusing on the sharp reduction in housing market activity since 1988. The Halifax's first-quarter figures suggest that mortgage requests are sharply down and that "this lower level of transactions will be translated into less buoyant house prices, particularly in the north of England, as the year progresses." Overall, the Halifax expects that house price inflation nationally will be running at around 5 per cent by the end of 1989, and that we can expect "broadly stable house prices in 1990."



A ONE-bedder with thatched roof and a view in Minstead, in Hampshire's New Forest, comes up for auction on May 10 at Lympington. GA Town & Country (tel. 0598-75025) expects the 300-year-old cottage - which received planning permission for expansion in 1983, and stands in a third of an acre of garden facing open fields - to sell for £100,000 to £110,000.

Clubbing together

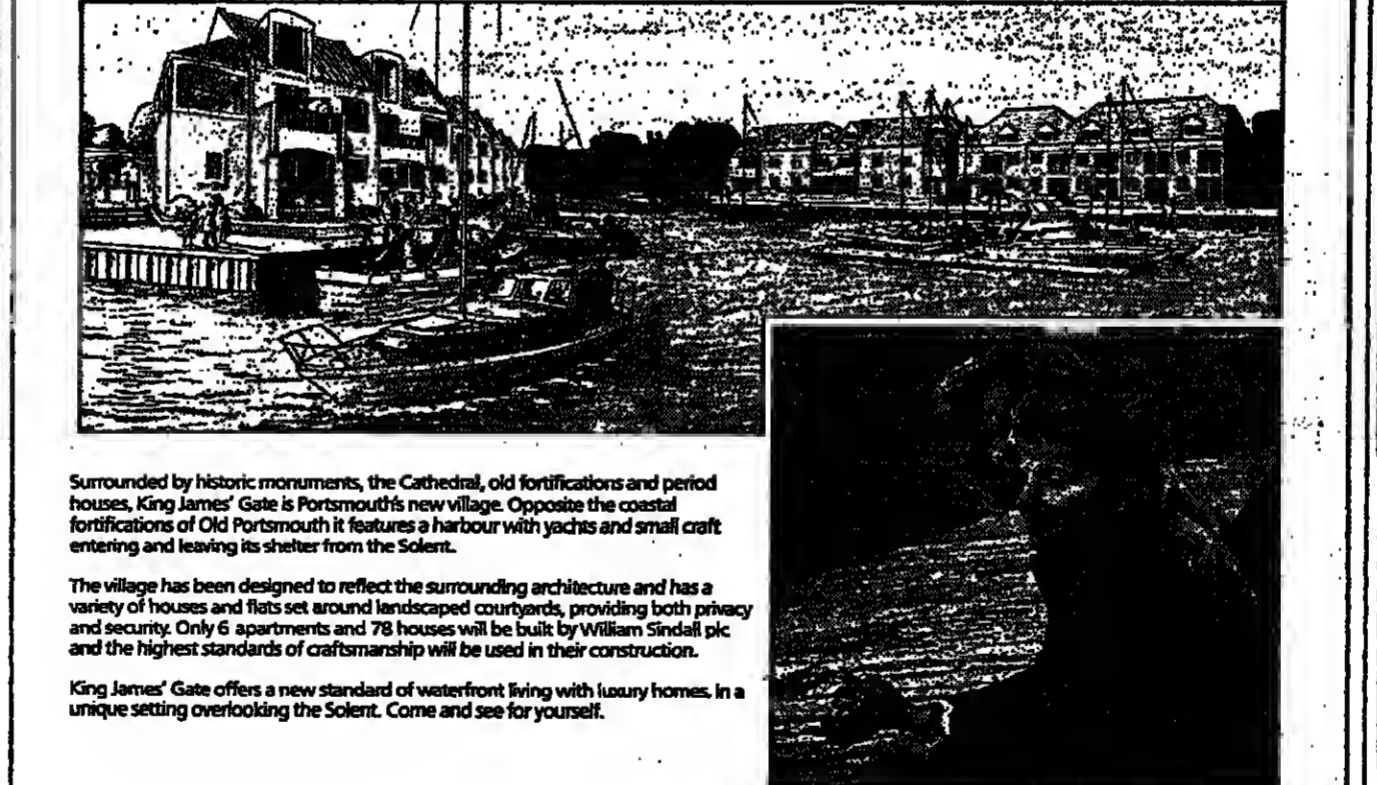
JOINT PURCHASES show no sign of disappearing from the property market despite the end of multiple mortgage interest relief. Apart from the self-help dimension that two mortgage borrowing capacities are greater than one, there is a strong space reason in favour of clubbing together to buy a first home. Stern Studios, a specialist in studio and one-bed flats (tel. 01-244-7301) provides an illustration of the choice with two £53,000 options. The go-it-alone version is a 15 ft x 11 ft x 8 ft studio in Balham, south London. The alternative is a two-bedroom, three-bath, one-bathroom flat in a large bed maisonette near the tube, also in south London but closer to the city centre. The economies of scale are such that a number of agencies are now providing a normal partner-finding service, bringing together solo buyers to make up a property pair. What the divorce rate puts asunder in terms of household sizes, market forces continue to counteract.

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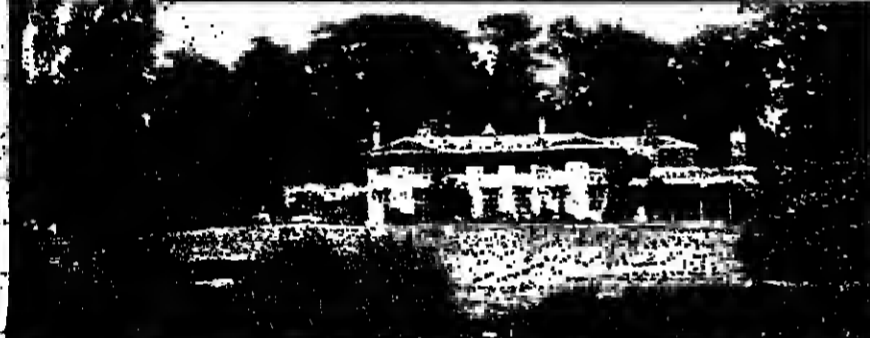
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**Worcestershire**  
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## PROPERTY

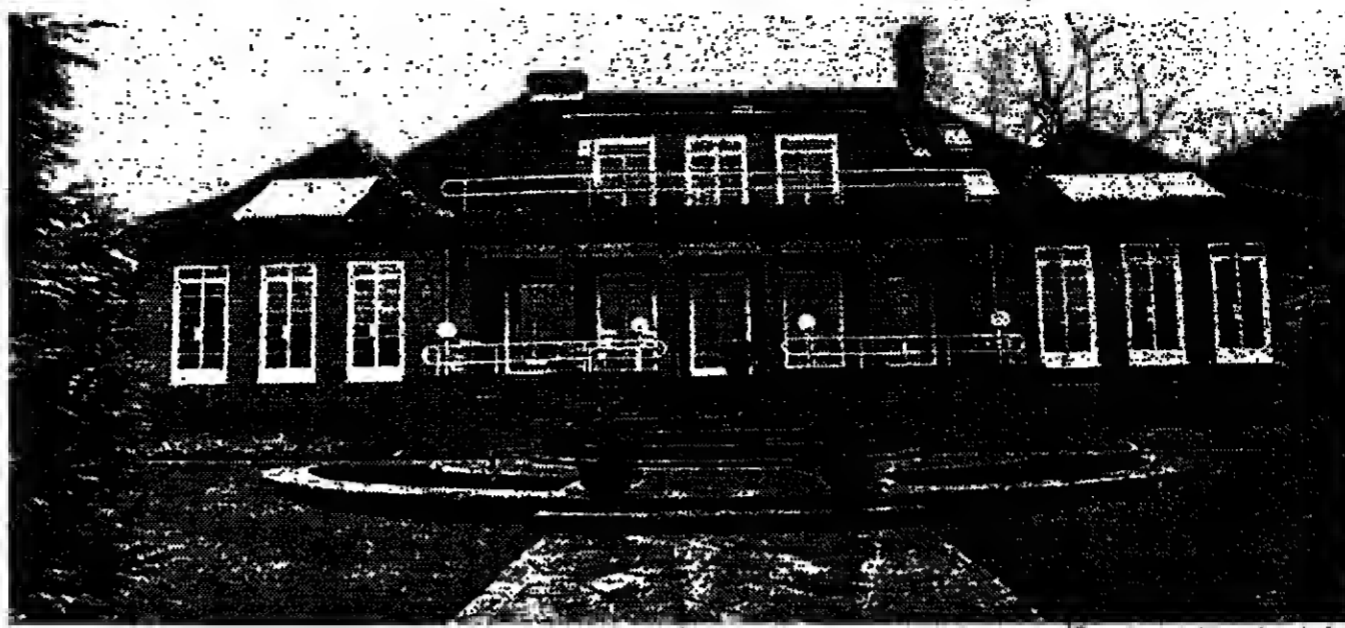
# For sale: a Nazi's old house in London

John Brennan looks at the background of a mansion built and occupied by one of Hitler's top aides

THE ARYAN-ROMANTIC designers of Hitler's Third Reich would have a fit if they were around to see the rededication of the house now called Sans Souci on South View Road, Pinner Hill, in Middlesex. The swastika-shaped balustrades cast in Munich have long since been remodelled along apolitical lines; and murals by Peter Stoff, whose work enlivens royal bedrooms at Buckingham Palace, now vie with gaudy wall paintings in a skylighted extension into the steel-beamed roof. Even the ambassador-sized internal air raid shelter has been drafted into use as the new boiler room within a ducted heating system.

Joseph von Ribbentrop's wife had a Munich design team flown in to remodel and extend the German Embassy when Hitler's former translator was appointed ambassador to Britain in October 1938. Ribbentrop wanted the embassy to be suitably ostentatious in time for the opening of a London social season run riot ahead of George VI's coronation in the spring of 1937.

Never a man to be parsimonious when it came to spending state money, he bought a three-quarter acre site by Pinner Hill golf club and supervised a fair number of German builders — along with their specially-imported metric-scale bricks — in creating a modern country mansion. Famed as a partying annex and weekend escape from the official ambassadorial residence in St James's, central London, the



house on Pinner Hill filled with people as comfortable as members of the Anglo-German Fellowship as they were secure within the pages of Dehretta.

Even after Ribbentrop's return to Germany as Foreign Minister, the house remained a useful diplomatic refuge, eventually housing Herman Goering's sister until her internment on the Isle of Man after the outbreak of war.

Sited close enough to RAF Northolt to raise local newspaper tales of its use as a Nazi spy centre — and to inspire crime writer Agatha Christie

to have her dapper Belgian detective, Hercule Poirot, involved in a car chase tracking a femme fatale German spy to its well-guarded gates — there was more than just a hint of official irony when the house was requisitioned as a RAF officers' mess during the war. Since then, the high com-

mission of Sierra Leone has been among a succession of owners until its last sale in 1979, for £200,000, to the present incumbent.

Mark Storey, of joint sales agent Quillers, reports the owner's amusement at the twists of fate which have brought to him the house built by the man who, in 1941, left over the former declaration of war on the US to the US charge d'affaires in Berlin. "As an American-Jewish businessman, he's sure Ribbentrop would be turning in his grave now," says Storey.

Quillers (tel. 01-551-3826) and the other joint agent, John D. Wood (01-493-8971), settled on a £1.3m asking price for the freehold of the painstakingly restored and updated five-bedroom house (pictured). As Storey says: "Although the market in general is very slow, once you get to properties here in the £500,000-plus range, you are dealing with another type of buyer who isn't really concerned about interest rates if the property is right."

The fully-modernised extension on one of the best sites on Pinner Hill, Sans Souci, was specially needed its architectural history to draw interest from those prospective buyers.

There was more than just a hint of official irony when the house was requisitioned as a RAF officers' mess during the war. Since then, the high com-

## Rooms with a river view

NOW YOU see it, now you don't. Norfolk House, the Selfert-designed marble and polished granite-clad residential block on the Thames' riverfront below St Paul's Cathedral in the City of London, has disappeared temporarily from the sales market.

In more exuberant times, nine big river-facing flats and two penthouses in the City wouldn't have made it past the brochure stage before the offers were being weighed. As it is, Julien Standing of John D. Wood (tel. 01-408-0055) explains that they have been withdrawn for a few weeks until the building works are advanced further.

When, three years ago, the LEP group started the re-development of what was, at the start of this century, Lever Brothers' Sunlight

Wharf, the Museum of London's City archaeological team recorded the site history. Once it was a Roman wharf, then a medieval landing stage for visitors to both the earlier cathedral and the old trading capital.

For 300 years it was where the earls and dukes of Norfolk had their London home and, after the Great Fire of 1666, a commercial wharf once more. With this background, the site could hardly avoid being of historic interest.

Last autumn, Norfolk House was launched into a market where caution had swamped imagination. In common with virtually all new developments in central London today, people are happy enough to view newly-completed buildings — but they don't reach for their chequebooks until they see the finished work. Hence

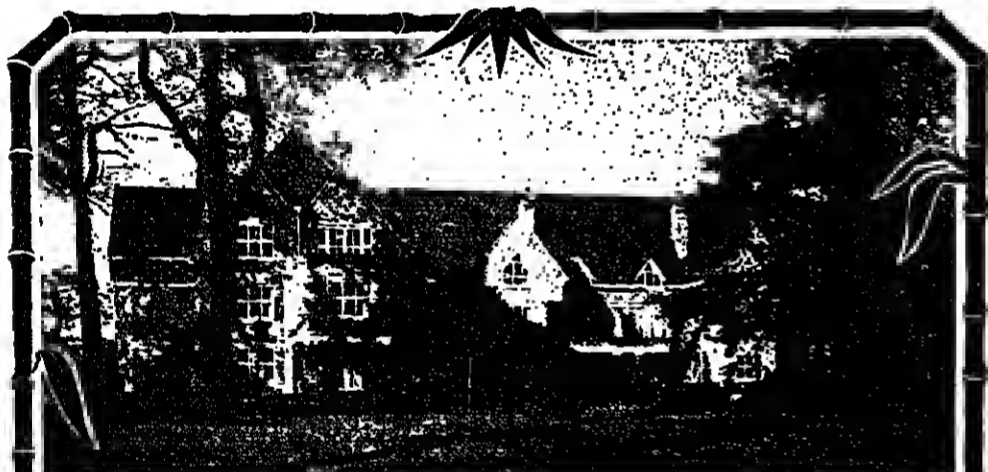
the delay while the work of the interior design company, Charles Hammond, emerges more clearly from among the builders' debris.

The scheme — on Norfolk Lane off Upper Thames Street, EC4 — is expected to range from £285,000 for one of three one-bedroom flats to £1,555,000 apiece for the four-bed duplex penthouses with roof terraces fitted out as show flats. As well as their river views, all the apartments have that rare commodity, a City car-parking space.

Estimates for service charges range from £3,000 to £8,000 a year and Standing doesn't doubt that, given its position right by St Paul's steps in the river, Norfolk House has to be a classic option for City-based companies that want flats with a view.



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The development itself is ideally placed being within easy reach of the town centre and station (Waverley 25 mins.). A beautifully furnished showhouse is open for viewing every day between 11.00am-5.00pm or telephone 0372 68465 for further details.

PRICED FROM £675,000 — £915,000 FREEHOLD  
Copsem Way is off Copsem Lane, Esher, Surrey, just past Clarendon Pancourt School.

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**WEST SUSSEX - East Grinstead**  
 East Grinstead Station 1 1/4 miles, Victoria/London Bridge 49 minutes.  
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 Savills, London. Tel: 01-499 8644.  
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**SUFFOLK - Bury St Edmunds 522 ACRES**  
**The Chadacre Estate**  
 London 99 miles, Bury St Edmunds 8 miles, Cambridge 23 miles.  
 Superb country estate with considerable potential for a variety of alternative uses. Most impressive mansion, formerly an agricultural college, set in a beautiful park.  
 3 excellent houses, 5 cottages. Range of traditional buildings with development potential. Productive mixed farm, substantial milk quota.  
 For sale as a whole or in 13 lots.  
 Savills, Ipswich. Tel: (0473) 226191. Savills, Norwich. Tel: (0603) 612211.  
 Savills, London. Tel: 01-499 8644. Contact: Justin Marking.



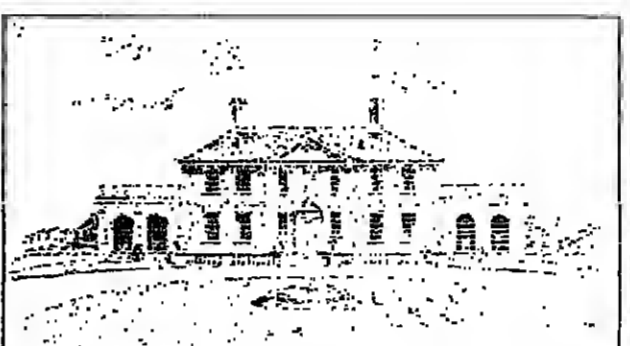
**WILTSHIRE - Bradford-on-Avon**  
 Bath 9 miles, Bradford-on-Avon 2 miles, Trowbridge 3 miles.  
 M4 (Junction 17) 15 miles, London 1 hour 15 minutes.  
 Immaculate manor house and beautiful garden in the midst of parkland and paddocks.  
 Hall, drawing room, sitting room, dining room, morning room, domestic offices, cellar, 8 bedrooms and 4 bathrooms. Staff flat, billiard room, garage, superb heated swimming pool, hard tennis court. Beautiful gardens, farm office (potential cottage), farm buildings, 41 horse boxes and pasture land.  
 About 109 acres.  
 Savills, London. Tel: 01-499 8644. Contact: Henry Pitman.  
 Savills, Bath. Tel: (0225) 444622. Contact: Harry Downes.



**WILTSHIRE - Downton**  
 Salisbury (Waterloo 1 hour 27 minutes) 6 1/2 miles, Southampton 18 miles, London 89 miles.  
 A historic manor house, formerly the home of the family of Sir Walter Raleigh.  
 5 reception rooms including The Great Parlour, 5 bedrooms, 2 bathrooms, shower room. Oil central heating. Double garage. Gardens.  
 Detached 4 bedroom cottage.  
 About 1.84 acres.  
 Joint Agents: Messrs. Woolley & Wallis, Salisbury. Tel: (0722) 21711.  
 Savills, Salisbury. Tel: (0722) 20422. Contact: Christopher Lacy.



**ISLE OF WIGHT - Godshill 378 ACRES**  
 Godshill 1 mile, Newport 5 miles.  
 Highly profitable early cropping arable farm.  
 Attractive 5 bedroom farmhouse.  
 Fertile land with irrigation.  
 Excellent modern buildings including potato and grain stores.  
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 Contact: Nigel Foster.



**OXFORDSHIRE - North Aston**  
 Banbury 9 miles, Oxford 12 miles.  
 A unique opportunity to acquire a substantial country mansion in the Queen Anne style, constructed to the purchaser's requirements.  
 Situated in a 2 1/2 acre walled garden of a former 17th century manor offering total privacy in an unspoilt Cotswold village.  
 6 reception rooms, family room, kitchen/breakfast room. Utility, cloakroom. Master suite bedroom, bathroom, sitting room, sun terrace. 5 further bedrooms, 4 bathrooms. Staff flat. Triple garage. Stables. Outbuildings, tennis court, landscaped gardens.  
 8 acre paddock.  
 Offers around £750,000.  
 Savills, Banbury. Tel: (0295) 3535.



**AVON - Bath**  
 Bristol 10 miles, M4 (Junction 18) 30 miles.  
 Bath 15 miles, London Paddington 75 minutes.  
 A superb Grade II listed period house, with stunning views over the city of Bath and the countryside beyond.  
 Hall, drawing room, conservatory, dining room, library, study, 8 bedrooms, 3 bathrooms, cellars. Additional 3 bedroom Coach House.  
 Building plot with planning permission.  
 Outbuildings, swimming pool. Large gardens and woodlands.  
 About 3 1/2 acres.  
 Price guide on application.  
 Savills, Bath. Tel: (0225) 444622.  
 Contact: Charles Barkshire.



**CAMBRIDGESHIRE - About 357 ACRES**  
**Kimbolton**  
 Huntingdon 10 miles, Bedford 14 miles.  
 Compact residential farm.  
 Imposing 8 bedroom 17th century farmhouse.  
 Extensive range of farm buildings with grain storage for 1,400 tonnes.  
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 Lot 2: 172 acres arable land.  
 Lot 3: 159 acres arable land.  
 Savills, Cambridge. Tel: (0223) 344371.  
 Contact: John Fear.



**SOUTH NORFOLK - Near Norwich**  
 Norwich 12 miles, Aylborough 2 miles.  
 Most attractive fully modernised listed Grade II farmhouse with excellent range of former farm buildings.  
 Dining room, sitting room, drawing room, conservatory, garden room, utility room, 4 bedrooms each with en-suite bathroom. Annex.  
 Large range of outbuildings, Garaging.  
 Gardens, pony paddock.  
 As a whole 1 1/2 acres.  
 Region of £310,000.  
 Savills, Norwich. Tel: (0603) 612211. Contact: Jeremy Carlson.

01-499 8644 20 Grosvenor Hill, London W1X 0HQ

Humberts Residential

**Kent/Sussex Borders** Rye 7 miles, Ashford 10 miles, BR Ashford/Waterloo and Charing Cross 1 hour.



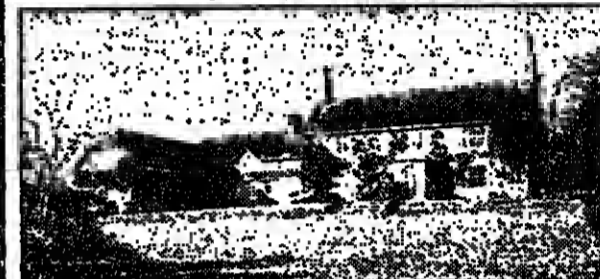
An Historic Grade II Listed house dating from the 14th Century. 4 reception rooms, 5 bedrooms and dressing room/bedroom 6, 2 bathrooms, cloakroom, kitchen/breakfast room. Oil fired central heating. Historic chapel. Garaging for 2 vehicles. Outbuildings. Garden and grounds.  
 Lot 2: Self-contained Victorian cottage with 3 bedrooms.  
 For Sale Freehold with about 2 1/2 acres.  
 Details: London Office, Tel: 01-629 6700 01423833MPFR

**Wiltshire Woodborough Pewsey** 3 miles (Paddington 1 hour), M4 J14 (Hungerford) 20 miles, J15 (Swindon) 20 miles, M3 JB (Andover) 30 miles



A fine Wiltshire Manor House of the 18th Century with paddock and exceptional walled garden.  
 4 reception rooms, 6 bedrooms, 2 1/2 bathrooms, cloakrooms, kitchen, attic rooms. Possible development potential within park grounds. Oil central heating. Garaging. Outbuildings. Stabling. Hard tennis court. Garden, grounds and paddock. In all about 3.5 acres.  
 Details: Pewsey Office, Tel: (0672) 63265 15636LW

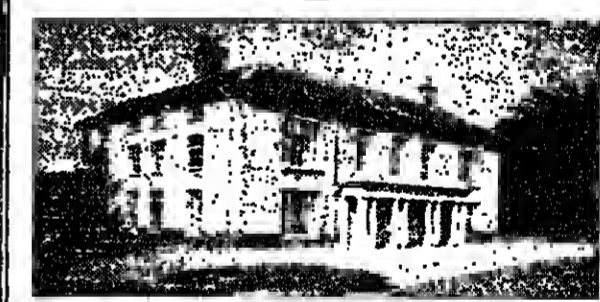
**Wiltshire/Dorset Border** Shaftesbury 3 miles, AS03/M3 3 miles, Tisbury 6 miles (Waterloo under 2 hours).



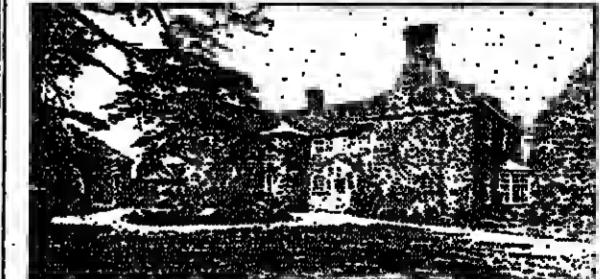
A most striking house with commanding views. Situated in fine country. 3 reception rooms, 5 bedrooms, 2 bathrooms, cloakroom, kitchen/breakfast room, staff accommodation. Oil central heating. Annex with sitting room, kitchen, 2 bedrooms, bathroom. Garaging, outbuildings, stabling, paddocks and grounds. Indoor swimming pool.  
 For Sale Freehold with about 9 acres.  
 Details: Shaftesbury Office, Tel: (0747) 53482 116236JNS

London Office: Humberts Chartered Surveyors  
 01-629 6700 25 Grosvenor Street, London W1X 9FE  
 Telex: 27444

**RURAL DORSET**  
**Bridport - 3 miles West Coast - 5 miles**  
 A superb 17th Century Manor House in excellent rural location with lovely views.  
 In need of restoration but with many character features: Hall, 3 Reception, Kitchen, Utility 5/6 Bedrooms; 2 Bathrooms; Outbuildings; Individual Double Garage; Old Bakehouse; 2 Stone Barns and Modern Farmbuildings  
 About 1 1/2 acres in all  
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 22 Princes Street, VEDWIL, Somerset  
 Tel: 0635 22474



**NORFOLK**  
**Reepham 1 1/2 miles, Norwich 14 miles**  
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 A FINE RESIDENTIAL, AGRICULTURAL AND SPORTING ESTATE  
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 Contact: Simmons & Lawrence (0491) 578555



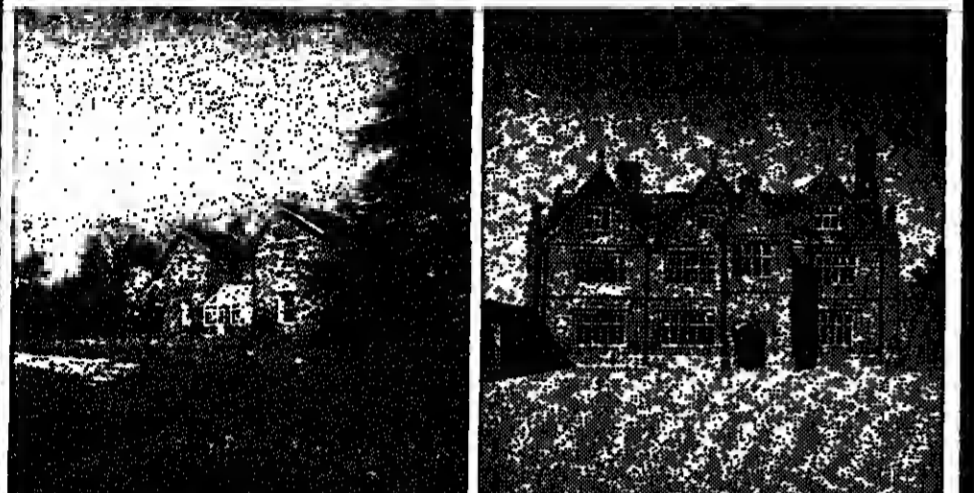
# STRUTT & PARKER

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01-629 7282



**BERKSHIRE**, Newbury 3 miles, London 65 miles. A late Georgian house in a superb setting with fishing on River Lambourne. 5 reception rooms, Master suite with dressing room and Jacuzzi, 6 further bedrooms, 3 bathrooms. Staff flat, Tennis court, Gardens and grounds. About 11.4 acres. Newbury office: Tel. (0635) 521707. Ref. 2444158

**KENT** - Fairfield, Ashford 12 miles. A light spacious Victorian farmhouse with views over Romney Marsh. 4 reception rooms, 5 bedrooms, 2 bathrooms, oil CH, outbuildings, garage, gardens and paddock. About 1 1/2 acres. Region £275,000. Canterbury office: Tel. (0227) 451123. Ref. 6023155



**NOTTINGHAMSHIRE** - North Clifton, Newark 12 mls. A Victorian country house converted to a modern nursing home. Accommodation for 24 patients. Planning permission for 10 bedrooms. Gardens. About 2 acres. Region £575,000. Joint agents: H.H. Morris. Tel. (0673) 62655 & Strutt & Parker. Grantham office: Tel. (0476) 65886. Ref. 4482045

**NORFOLK**, Aylsham 7 miles, Norwich 15 miles. A fine Grade I listed Elizabethan manor house recently fully refurbished in fine parkland setting. 3/4 reception rooms, 9 bedrooms, 5 bathrooms (3 ensuite), 2 cottages, Domestic outbuildings & garages. Partly walled garden. About 20 acres. Norwich office: Tel. (0603) 617431. Ref. 0882473



**KENT** - Tunstall, Canterbury 18 miles. A magnificent Jacobean house fully restored. 3 reception rooms, 1 master bedroom with dressing room, 4 further bedrooms, 2 bathrooms, 3 secondary bedrooms. Outbuildings and garden. About 2 acres. Region £375,000. Canterbury office: Tel. (0227) 451123. Ref. 6023127

**WILTSHIRE** - West Lavington, Salisbury 19 miles. An attractive country house with splendid and adaptable family accommodation. 3/4 reception rooms, 2 bathrooms, 5 bedrooms, Color gas CH, double garage with studio/office above. Region £280,000. Salisbury office: Tel. (0722) 28741. Ref. 740767



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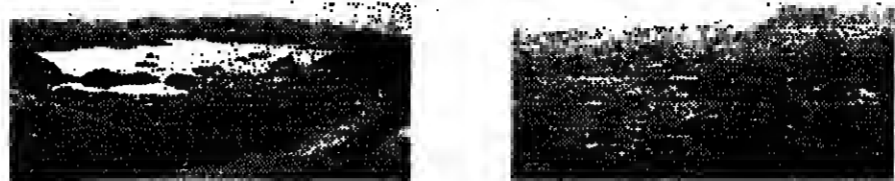
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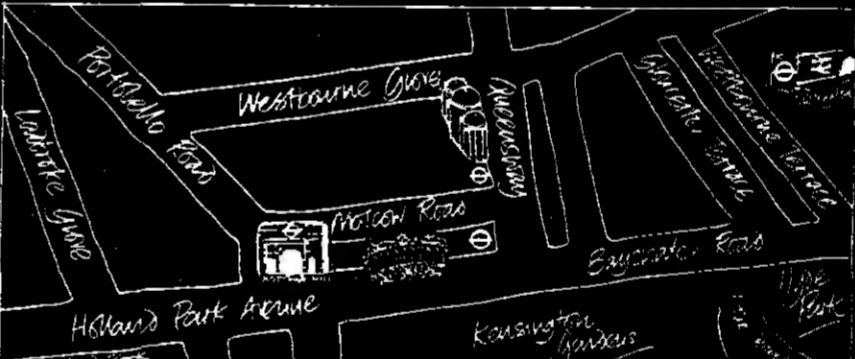
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Details on the Monaco apt from: Catherine Mameet 29a, Union Street, Woodstock, Oxon OX7 1JF - Tel. 0793 812171.

This ad had been published on March 11, 1989. Unfortunately, there was a mistake regarding the address so that your inquiry could not have been answered. Therefore, kindly apply to cipher 44-65-257, Publicitas, P.O. Box CH-8021 Zurich.

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GARDENING

# First you scatter, then you pray

Robin Lane Fox explains his simple method for producing flowers on the cheap

SOME YEARS it works, some years it flops, but this last week in April is my regular moment for trying flowers on the cheap. All you have to do is buy a seed packet, rake some earth into a tilted and scatter the seeds, praying for gentle rain. Last weekend was perfect for the job, so we will probably now have a drought. If not, you will own a brighter garden in two months' time.

I had better explain about tilt. It is earth forked over, broken down and raked into a fine finish without lumps so that it invites you to plunge your fingers into its surface. Tilt requires a rake and, after you have made it, you can use the back of the rake's head to press a shallow little V-shaped "drill" into the soil. It should not be much deeper than a quarter of an inch. You then scatter the contents of your seed packet into it.

Some years ago, a veteran exhibitor at Chelsea advised me always to sow seeds by using nature's distributor. He was referring to the crease in the palm of your hand when you bend it, just above those lines that are meant to make you very rich and very amorous. Perhaps my lines work at

cross-purposes, because the seed never really comes out evenly when I tap the side of my hand opposite the point which is meant to tell you how many children you will (knowingly) father. I have abandoned nature's distributor and merely scatter the seed in little pinches.

If it is very fine, mix some sand or rith into the seed packet and shake the lot before scattering. Use the rake, finally, to fill in the V-shaped drill by pressing the flat back of its head onto the earth to settle it on the seeds.

Ideally, I like to water the empty seed drills before lunch, through a watering can with a fine rose, and leave sowing until the two hours after tea-time. The perfect moment to sow is when it has rained lightly in the night, looks set fair for a few hours, and is about to rain gently in the evening. You see why gardening is a matter of imperfection.

It is an undemanding task, and there is not even the need to transplant the seedlings when they come up. In mid-July, you can gently try to move plants with long, thin roots into bits of earth which are no longer very filthy. After a few hours' hot sun, the busy

person will probably lose most of the transplants. It is much better to sow thickly and reckon to thin out a week or so after the seedlings begin to show. That way, you do not move the ones you keep.

I'm hoping to remember my favourite types of seed for this job even when I go senile. Their initials spell the first half of my name: LANES, which ought to remain in the memory bank. The seed racks in big garden centres sell most of them and, together, they should not cost much more than £3. They do not even insist on a dry summer and they grow almost anywhere.

The L stands for flax, admittedly in Latin: *Linum* in its red form (or the white one, too, if you find it). As it is impossible to move this slender little seed-

ling around, it is suited ideally to life in a seed drill: sometimes I get even bother to thin the seeds that germinate. It grows about a foot high and needs sun to open the satin-red petals of its flowers.

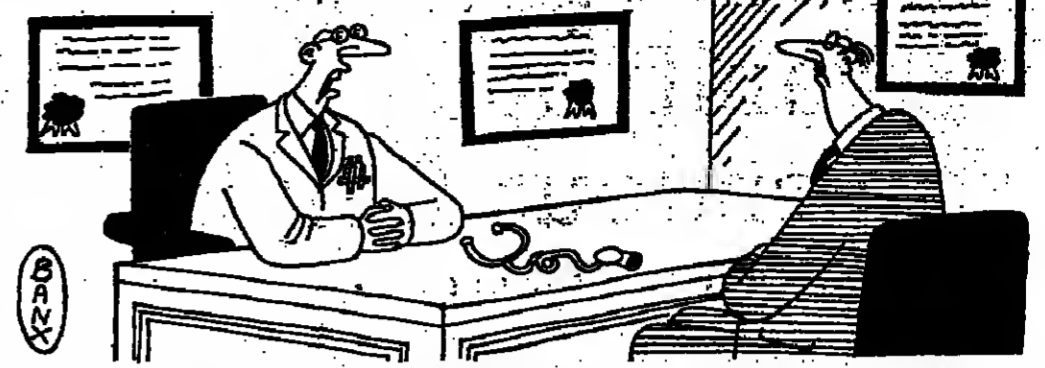
Letter A is *agrostemma*, or corn cocks, an old favourite here although it is a menace in Balkan corn-fields. If you water it in its early life and thin it to about 8 in. apart, it will grow as tall as 3 ft. Its veined and marked flowers of lilac or rose-lilac are enchantingly plain. It likes sun and grows with the greatest of ease.

Letter N varies between sun and shade. In shade, it is the blue-eyed *nemophila*, which likes a slightly damp life and is better thinned than transplanted. In sun, it stands for the old forms of nasturtiums

which send out long trailing stems across the ground and do not have the word "jewel" in their second name. They look charming in the gaps of a dry wall where I saw them in a great mass of crimson and yellow about six years ago in Somerset. The big seeds are pushed easily into pockets of soil in the gaps between the courses of stone. Alternatively, the plants can be left to fall forwards, like creeper, over low walls.

Letter E stands for my particular favourite: the indestructible *echium* which is supposed to be called *Vipers Buglosses* although the name is now obsolete. It will grow for everybody, sprouting into a thick line of rough-leaved seedlings. It does not mind wet summers and is always pushy, flowering

"I'M AFRAID WE DON'T NORMALLY DO PALM CREASE TRANSPLANTS, MR. CLOTHINGTON."



to the tips of its stems. Cut these back as they start to twist and set seed, and the plants will flower all over again. Blue Bedder is self-explanatory and excellent but there is also a good mixture of white, blue and lilac-pink. It is a marvellous filler of gaps in a border.

Letter S is less familiar: an easily-grown annual called *silythum*. I once suggested it to a keen gardening housewife, who

said it sounded exactly like her former husband. In fact it is a soapy-leaved sort of thistle, with seeds like little shaving brushes; they are handled very easily. Its charm is the white spotting all over its dark green, neatly-cut leaves.

A few plants look very bold, especially at the edge of a gravel path or wall, so long as you prevent them from running to their beastly flowers. The markings look like milk spots and their popular name ascribes them to the abundance of legend's great milk-spoiler, the Virgin Mary. Mary's Thistle is an enchanting plant in any soil which is not too rich.

## National Trust makes the selling easier

Arthur Hellyer applauds moves towards setting up new and improved plant centres at famous gardens

IT IS MANY years since a plant nursery prospered so greatly that the contents of which have been propagated on the premises. Everything appeared to be going swimmingly on that opening day, and I have heard since that the Trust is delighted with the way the public is responding to it

What has long surprised me is that so few other National Trust gardens have copied Bodnant on anything like a similar scale. Many do now have selling centres but, usually, they are quite small and organised poorly. At last it seems that there is to be a big change and already, within a few weeks, I have been present at the opening of two entirely new or greatly improved plant centres in famous Trust gardens.

The first happened entirely by accident when I visited

appeared to work at Bodnant, most of the contents of which have been propagated on the premises. Everything appeared to be going swimmingly on that opening day, and I have heard since that the Trust is delighted with the way the public is responding to it

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and also to another much-improved plant centre at Killerton only a few miles away.

What I did not know then was that the Trust had started negotiations for an even more ambitious project at Blickling Hall - a project that involves the co-operation of one of Britain's best-known hardy plant nurseries, Blooms of Bressingham (probably more

familiar to private gardeners as Bressingham Gardens). Its very large nursery is near Diss in Norfolk and its founder, Alan Bloom, has probably done more than any single person to keep good hardy plants in cultivation, rescue old ones from oblivion, and seek out new varieties of merit.

Blickling Hall is at Aylsham, on the other side of Norwich and less than 40 miles from Diss. It is one of the loveliest Jacobean mansions in Britain, sited in a medieval park and reflecting in its garden every style since it was built in 1628. There is a dry moat, formal terraces with their parterres; a temple; an orangery; a pyramidical mausoleum; a great ha-ha to keep out cattle without impeding the view; a landscape lake; a wilderness crossed with alleys and concealing a little secret garden.

Both the National Trust and the whole Bloom family (for it remains a family business) were so keen about the idea that they got it all sorted out in six months; and I was present on April 19 when Alan Bloom, now 82, and Anne Roberts, the director of National Trust Enterprises, cut the tape and opened Blickling Plants to the public.

she showed that it was possible to group them in an informal way to produce formal effects appropriate entirely to a period garden such as this.

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saw and came away with that splendid old pink, sweet-scented Chinese peony, Sarah Bernhardt; a big-pod plant of *Aubrieta* Dr Miles (still, in my view, the best dark-purple variety, although its flowers have not the size of some of the newcomers); and the uncommon white-flowered form of the marsh marigold, or kingcup. That was all for which I had room in my already well-loaded car. Had I brought a van I could have filled it with ease.

The Blooms are also discussing the possibility of similar joint endeavours in other National Trust gardens, and the Trust itself seems suddenly to be aware fully of the profit (and the public benefit) to be gained by playing a more-active role in making good plants available to the public. As a holder of many collections of such plants, it is well placed to play an ever-more-active role in conserving them. This is part of the purpose of Garden Heritage Week, which starts today and is organised by the National Council for the Conservation of Plants and Gardens. Full details are available in a special edition of *The Gardener* now on sale at newsagents.

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BOOKS

# Nixon: egotism, vanity and stupendous folly

Douglas Jay is left with a stark impression of a former US president

QUITE APART from the famous "tapes", Nixon as President kept a "Special File" of secret notes and memoranda from and to him in the White House. After his resignation Congress assumed ownership of these for the US National Archives. In May 1987 they were opened to the public and the press.

Bruce Oudes, a professional journalist, has edited a 600-page selection of these documents and written a valuable introduction. The great majority of them are exchanges between Nixon and three men collectively known at that time in Washington DC as "the Berlin Wall": Haldeman, Chief of Staff, Erickson and Kissinger.

Two sharp general impressions emerge from this torrent of words. First

discussing the matter with anybody on our staff. I have thought it through and this is my conclusion." Other members of the cabinet seem to have mattered even less, though on this point Oudes's selection may be misleading.

Secondly, and especially starkly to an English reader, Nixon pushes to extremes the doctrine of the sole responsibility of the President and of the loyalty of the civil service to him. A British prime minister or minister (at least before the 1980s) would distinguish sharply between Government business which civil servants were bound to promote, and party business to be pursued through the party or Parliamentary machines. For Nixon no such distinction existed. Either you were, or were not, "one of us" and "us" meant first Nixon, and secondly the Republican Party.

In this spirit more than half of these innumerable outpourings are devoted to the furious battle, mounting to an obsession, between Nixon himself and the wicked media, led by the *Washington Post* and *New York Times*, and the contemptible "liberals" all over the country. Feeling himself to be the victim of a "witch hunt", Nixon avidly launched a "witch hunt" in return, and someone commented that it was hard to tell "which way was which".

Given the prevailing atmosphere, however, and the existence of what Nixon himself called "the plumbers" unit in the White House, intended of course for genuine national security purposes, it is not difficult to understand what happened. For in 1972 another time-bomb emerged, most inter-



The glory years: Nixon is mobbed during his June 1974 visit to Moscow

estingly unearthed by these papers. Years before, in 1956, Nixon's brother Donald had received a \$200,000 loan from the eccentric millionaire Howard Hughes, who was granted a tax concession after. Probably Richard Nixon had nothing to do with it. But, as the 1972 Presidential Election approached, Nixon became obsessed with the fear that the hated Democrats would smear him with this ancient scandal, and was determined to discover what they were up to.

Yet amid all this, Nixon was successfully organising the historic US rapprochement with both the Soviet Union and China. It is indeed a wonderful irony that on May 27, 1972, when the "plumbers" achieved their first Watergate "break-in", the President was in Moscow. In Oudes's view, "it has not

been fully established" that Nixon actually approved the second and fatal break-in on June 18. Reading the record here of Nixon's five-page conversation with Haldeman four days later, one is left in no doubt that Nixon joined in a cover-up thereafter, but prior approval by Nixon is not absolutely proved.

However that may be, one cannot but at times admire the energy, the determination, the knowledge and the sheer grinding resolution which Nixon displayed throughout all this turmoil. Richard Nixon, on the evidence of this book, was an exceedingly clever man, with a remarkably wide grasp of national and international politics, who was misled by a black streak of egotism and vanity into the stupendous folly which destroyed him.

# Collision of cultures in a city at war

Harold Beeley on an erudite examination of the melting-pot that was Cairo during the '40s

SELDOM HAS there been such a dropping of names. Understandably so, however, for the author found, as she had been told when the subject was suggested to her, that "everybody you have ever heard of was there at one time or another during the war." Earlier writers have of course observed this, and one of them, Penmethorne Hughes, pre-empted the perfect title 40 years ago when he published *White Shepherd's Watched*. Artemis Cooper gets on admirably without it, and has revived the story with the benefit of a rich literature in the intervening years.

Lawrence Durrell, Olivia Manning, Christopher Sykes and many others have drawn upon what Charles Johnston described as "the curious Anglo-Egyptian society which has blossomed out during the war, Guards and cavalry officers, Turco-Egyptian princes, war-profiteering pashas and a sprinkling of foreign diplomats" together, but none have added, with the great comic families and refugee Balkan royalty.

At the heart of this world, and constantly recurring in Artemis Cooper's pages, were King Farouk and the British Ambassador Miles Lampson (who became Lord Killearn in 1943). She draws largely on Killearn's diaries, the partial pub-

lication of which in 1972 so greatly humanised the image previously presented by other observers. And Farouk had an engaging side, as when he put up a stiff resistance to his discharge from a British military hospital to which he had been rushed after an accident on the Ismailia road.

Alongside the social life of Cairo the book deals seriously with the events which had given rise to, and continued to

CAIRO IN THE WAR: 1939-1945  
by Artemis Cooper  
Hamish Hamilton £16.95, 370 pages

sustain its existence. The North African campaign, dominated first by Rommel and then by Montgomery, are vividly narrated. Alamein was a turning-point both in the course of the war and in the life of the Egyptian capital. "As the centre of international politics and administration, the great days of wartime Cairo came after Alamein."

It was then, for instance, that Egypt became the channel through which British support flowed to the partisans in Yugoslavia and Greece; the staff of the Special Operations Executive occupied a block of flats known to every Cairoese

taxi-driver as "secret building." Here Fitzroy Maclean made preparations for his mission to Tito, noting in the files the existence of an organisation called PX, the frustration of which appeared to be a major policy objective, and being told on asking that PX stood for the Foreign Office.

The life of the "other ranks" and their relations with the Cairo populace are not neglected. The Egyptian robbery and cheating which gave rise to so many anecdotes are matched by the British (and Australian) hijacking and destruction of property. But an underlying mutual tolerance remained until after the war. A final chapter sketches the deteriorating political climate and describes its culmination in "Black Saturday" January 26 1952, when the city was surrendered to mob violence and such symbols of the British presence and the Anglo-Egyptian symbiosis as the Turf Club, Shepherd's Hotel and the Auberges des Pyramides were set up in flames. The consequent dismissal of the Wafdist Government opened the way to the revolution of the Free Officers six months later.

This detached and comprehensive study of a singular episode in World War Two was well worth attempting and has been executed with elegance and sound historical judgment.

# Pity the poor author

"NO MAN but a blockhead ever wrote except for money," declared Dr Johnson. If that is so then there must be a great many blockheads around today, because most of the people who write novels (women as well as men, dear doctor) must be doing it for some other reason than the one you cite. They are often able and imaginative people, but they do not make much money out of their books. They could make a great deal more money doing almost any other job. Many of them have, in addition to creative writing, humber "breadline" occupations, and partners whose jobs are more likely to provide the household with a secure income.

There are some notable exceptions, of course. There is Jeffrey Archer, Catherine Cookson, Frederick Forsyth, Dick Francis, John Le Carré, and these are the ones you tend to hear about because the announcement of record sales and record advances make tawdry music in the ears of the publishers.

George Greenfield, a leading literary agent for 34 years (with John Farquharson), a publisher for six years before that, and the author himself of three previously published books, has been pondering the anomalies of rewards in the writing of fiction for most of his working life. What he has to say about the business, as well as about the disparities in earnings among novelists, is well worth listening to, particularly by anyone who might be

SCRIBBLERS FOR BREAD: ASPECTS OF THE ENGLISH NOVEL SINCE 1945  
by George Greenfield  
Hodder & Stoughton £15.00, 400 pages

thinking about trying to make a living by practising the art. After reading Greenfield, he or she might well decide to think again.

Greenfield's comments are backed by copious statistical information culled from the book trade press and the Library Association, and from his many years of experience as a negotiator with publishers on behalf of novelist-clients. We are here in a jingly world of royalties and rights licenses to print, writing down of stocks, remainder clauses and minimum terms agreements. Greenfield cuts through this undergrowth like an experienced scout-master leading a pack of cubs.

He includes three searching interviews with three novelists of repute but whose public images are widely different: Archer, the tearaway best-seller; Jon Cleary, the solid regular performer, who has built a considerable readership over the years, and Antonia Byatt, university teacher as well as creator of fiction, who gave up academic work recently for full-time writing. There are horses for courses in

the fiction arena and each of these novelists represents a different kind of success story. You pay your money and you pick your role model.

Greenfield starts his story at the end of World War Two when paper was still rationed and publishing was still, in the words of the late Frederic Warburg, Orwell's publisher, "an occupation for gentlemen," and he carries it through to the present time in a chapter on Conglomerates and Aggregates. The recent acquisition of a controlling interest in the once mighty house of Collins by Rupert Murdoch renders this chapter in need of up-dating.

"If one had to sum up," writes Greenfield, "the publishing trends of this present decade to date in one sentence, it would be: the cottage industry is dead, long live big business." If I had to sum up the publishing trends of this present decade in one sentence, it would be: publishing as an exclusive male club is dead, long live the new breed of female publisher. The Virago revolution, with its profound repercussions throughout the entire industry, seems to have passed Greenfield by; but that apart, he has performed a valuable service in dispelling the clouds of unknowing wrapped around the mystique of publishing deals, and giving the general reader ready access to the hard facts, unpalatable though they may be.

Anthony Curtis

# In the family footsteps

WINSTON CHURCHILL has been a Tory MP for a Manchester constituency since 1970, but, such as he is threatened by the other's knowledge, each is astonished at the shabbiness of his own behaviour.

Irritatingly, most of this book reads like separate stories randomly interweaved; one of adultery on holiday from Hampstead for the summer, the second of poverty and rootlessness for an Irish exile. Both are well enough told; only at the end, though, do the parallel lives converge when two outbreaks of violence bring Henry and Liam to face the consequences of their actions.

No doubt there is a significance in the relations of an emotional gangster with a terrorist but Philippa Blake's breezy style just is not up to such weighty themes. Still, some of the writing is still, especially the descriptions of landscape and the long pointers of rock spreading out to the sea.

Valerie Blumenthal, who is also a wine-dealer, has turned her attention to art, and, unfortunately, to the Pre-Raphaelite Brotherhood, celebrated in her historical novel *The Colours of her Days*. All the criticisms of gushy moralising and morbid sentimentality ever levelled against Millie, Holman Hunt and the rest occur as one reads this work, which has none of the redeeming vitality of attention to detail of the artists it describes. If, by any chance, it is meant as pastiche, it should be half the length. But I suspect that it isn't.

Together with his father, Winston wrote a very good book on the Six Day War. Randolph said that the best of it came from his son. The young Winston was also the first anchorman of the BBC Radio 4 programme now called *The World at One* before William Hardcastle and Sir Robin Day.

That was a long time ago. Churchill is now 48. After a period of silence he has produced his *Memories and Adventures* which just about stretch to his election to Parliament, but effectively stop with his father's death in 1968.

He was the only child to be born at Chequers so far this century. His grandfather, while

MEMORIES AND ADVENTURES  
by Winston S. Churchill  
Weidenfeld & Nicolson £14.95, 261 pages

wartime Prime Minister, found time to buy him a model railway and play with it in the nursery. When he was at Eton, he was beaten for being called "Winston bloody Churchill." At Oxford he took to flying and would flip to Brighton for dinner, with coffee in Birmingham before returning to Christ Church to sleep. He did that

not because he was rich - the Churchills never were - but because the costs were low.

This is an old-fashioned, leisurely memoir, gushing and stilted at times, but the material is assiduously assembled and there are some remarkable family letters to draw on. Presumably it stops around 1970 because there are more volumes to come. Possibly it is a bid to reassert himself politically. Still, his re-emergence as a writer is welcome. He could be a rather effective political biographer.

Malcolm Rutherford

**ERAUD**

THE GROWTH INDUSTRY of the 1980s

MIHIR BOSE AND CATHY GUNN

A behind-the-scenes look at the murky world underlying the glossy façades of the City

£12.95 Just published hardback

UNWIN

HYMAN

# Two kinds of law

DR A.H. HERMANN has been writing about business law since 1972, mainly in this newspaper. His articles are always stimulating, displaying a unique grasp of business realities combined with sharp legal analysis. His pen has berated the eminent and not so eminent, including a succession of Lord Chancellors, the Government and the EEC Commission.

Inevitably his articles tend mainly to concentrate on what has gone wrong in the area of business law. Also, there has been much in this respect to write about in recent years. This book, a sequel to Dr Hermann's excellent *Judges, Law and Businessmen*, contains about a third of his contributions published in the FT in the period 1983 to 1988. It presents a valuable survey of the many mistakes, misjudgements and simple omissions that have bedevilled business regulation over that relatively short period of time.

As the author points out in his preface, there was no preselection of topics for his columns; only current events determined what required comment.

"Judgments crying out for legislation," he writes, "or legislation crying out for better judgments" are the two kinds of law which are grossly unfair and lacking common sense often handed down "with regrets" or which take much too long and cost too much to arrive at. The reluctance of governments to respect the law when they owe money, their keenness to get to

LAW V BUSINESS: Business Law Articles from the FT 1983-1988  
by A.H. Hermann  
Butterworths £29.50, 304 pages

law when it can be abused for some political purpose. The period covered in the book almost exactly coincides with a period of judicial orthodoxy. The Denning heritage has been dismantled, the Court of Appeal and the House of Lords have, for the moment at least, largely buried landmark decisions such as *Junior Books v The Velocita Company* (1982). Legal principles have given way to strict adherence to precedent and a literal interpretation of statute has often been

Nigel Savage on a thoughtful critique of business law

preferred to the reality of what Parliament intended.

In the chapter entitled "Law Unit for Business" a number of the sacred cows of the English legal system are subjected to critical appraisal. The judiciary is rightly taken to task for allowing legal doctrines to become "an ugly and oppressive master rather than a good servant."

All legal structures, whether deriving from the English or the Roman system, must bal-

ance the need for certainty against the need to develop the law in response to changes in economic, social and political circumstances. Civil law judges abroad have always respected principles articulated from previous decisions, but where the application of a previous decision brings about an absurd or unfair result, or a result that is clearly contrary to the spirit of a statute, they will depart from the previous decision.

Many of the criticisms made by Dr Hermann, from the standpoint of someone well-versed in both systems, reveal the potential tensions between the English legal system and the civilian systems in use on the continent. Such tensions will inevitably become more apparent as the process of harmonisation between member states of the EEC continues. This inevitable source of conflict is an area that tends to be neglected by both policy-makers and some English practitioners when they set up branch offices across Europe.

Continental lawyers think differently from English lawyers. They are trained differently (much longer for one thing), and the differences are discernible in the way in which they practice their profession. Continental codes give the lawyer, and for that matter the public, a clear picture of the principles and rules; increasingly our statutes tend to be an impenetrable forest of verbiage. There are however signs of change, not the least being



Hans Schäufelins's woodcut of the Unjust Steward. One of many interesting illustrations in Basil S. Yarnes's original study *Art & Accounting* (Yale University Press £30.00)

that we currently have a Lord Chancellor who was trained and practiced in a legal system strongly influenced by Roman law.

There is much of interest in this book for the business reader and the lawyer. The "incoming tide of Community law" and the need to take a more global view of trade laws are familiar themes.

The legal profession has often been subjected to Dr Hermann's critical pen and has in the past withstood its onslaughts; but pressures currently facing the profession,

from the market-place and the Government, together with developments in communications and technology, are all likely to result in the erosion of medieval barriers. These inexorable forces, green paper or no green paper, will surely bring about the welcome changes that Dr Hermann advocates.

NIGEL SAVAGE is Professor of Law and Head of the School of Law at Trent Polytechnic, Nottingham. He is also a consultant on legal training and professional development with Frere Cholmley.

## Fiction

# Pressing engagements

RULING PASSIONS  
by Susan Crosland  
Weidenfeld & Nicolson £10.95, 376 pages

THE ENCHANTMENT OF CHRISTINA VON RETZEN  
by Anthony Beevor  
Weidenfeld & Nicolson £11.95, 213 pages

THE WOMEN'S HOUSE  
by Joan Lingard  
Hamish Hamilton £11.95, 215 pages

LOOKING OUT  
by Philippa Blake  
The Bodley Head £11.95, 208 pages

THE COLOURS OF HER DAYS  
by Valerie Blumenthal  
Collins £12.95, 352 pages

exorcising a tormented past. But heredity will out, and Christina turns out to be a closet phillistine.

James, meanwhile, becomes a parody of the New Man he set out to be and is reduced to explaining psychoanalysis to his stepdaughter in bed. His fascination with a rather boring family eventually withers into braided mistrust; his crest falls as besotted as ever. This is a sensitively under-

book badly in need of some authorial detachment.

Take two rambling, Gothic houses, mirror images of each other, on opposite sides of the street, fill one with a "family" of independent women, pioneers and inheritors of liberation, and the other with a gaggle of Mafia-style Italian brothers, and you have your battle-line ready drawn.

In *The Women's House*, Evangelina, a novelist in the 1930s now restored to small fame by Virago reissues, lives with Anna, a mine, and Holly, an adolescent who has fled from a sadistic mother. When the house is sold over their heads to the Tonelli Brothers, their solidarity is absolute: they will not budge.

This is feminism with a sting in its tail. Maximo develops a sudden interest in mine, Anna is seen getting out of the flash car just one street away from their own, and unaccountably, Roberto keeps turning up to ask questions at the Pizza cafe where Holly works as a waitress.



Susan Crosland: frothy tale

stated work from a talented writer.

Neighbourly tangles get out of hand too in Philippa Blake's second novel, *Looking Out*. Across a bay in Dover, Henry Allard and Liam McGuinness look out from their cottages. Like the general who hangs a picture of the enemy in his headquarters to get to know him better, the London banker and the Irish artist piece together every remorseless

Jackie Wullschlager



DIVERSIONS

Looking for the Lord in the temple of Mammon

Churches in the City of London are suffering a crisis of confidence. Worshippers are few, and money is tight. Christian Tyler reports

THE MAN in the pulpit wore a spotted red tie and a pull-over under his grey suit. When the last office workers had fled to their seats he gave the command and 600 bibles snapped open to the gospel of St John, Chapter 20. The Rev Dick Lucas, rector of St Helen's, Bishopsgate, was about to demonstrate why he is the Square Mile's biggest congregation-puller since "Woodbine Willie" reigned at St Edmund the King in Lombard Street.

When the City was still a place for people to live in, it boasted 111 churches. The Great Fire of London in 1666 destroyed 35. Of Christopher Wren's 51 replacements, 21 have been demolished or sold. Some were bombed in the Blitz. Of the 39 Anglican churches left, one is leased to Lutherans, another to Free Scottish Presbyterians. Wren's spires have been engulfed by banks but are too important to be torn down. Today the City has about 350,000 daily commuters and 5,000 residents. There are 23 vicars - and far too many churches.



Rev Malcolm Johnson: caters for physical as well as spiritual needs

The perennial problems of money and overcrowding were reviewed again this week by the deanery synod, in an atmosphere heavy with recrimination. The City clergy are at loggerheads with the diocese, following the harassment of homosexuals. They dislike and fear their new archdeacon and feel ignored by his superior, the Bishop.

to find new uses for the 13 "gilt" churches created in 1852 to minister to different occupations: industry and finance, the police, the unemployed, the Corporation, and so on. The idea is that they would be put to semi-secular use: as a museum, tourist office, conference hall, training centre, preaching house or a Christian computer-information centre.

"It's the typical loony sort of thing the Church of England comes up with when it's on a loser," said Ridgeway-Wood. The Rev Lucas has built up his congregation over 28 years, and claims 10 to 15 new followers a week. "The church has lost its nerve, by and large. People find discussions about whether to be a Christian or not pall after a bit. We do what the church has been doing for 2,000 years."

Malcolm Johnson practises what in Latin America would be called liberation theology. His soup-and-ropes church looks after 200 to 300 vagrants a day, businessmen with problems, a primary school of 220 children, and homosexuals afraid to show their faces elsewhere. He is planning to build a £5,500 resulting from the action brought last year by the archdeacon, the Ven George Cassidy, to oust the Lesbian and Gay Christian Movement from a room they had occupied in the church tower for the previous 12 years.

His struggle with the archdeacon has strengthened his support among his nervous brethren, who are alarmed by rumors of diocesan plans to reduce the City churches' income from the covenanted funds of the City Parochial Foundation. He accepts that more churches will have to be "paired", the one becoming church hall to the other. "Nobody seems to be able to come up with a better idea. But I don't think it's any good the hierarchy imposing one."



The Rev David Burton Evans, Rector of St Michael's: asking fundamental questions about wealth

Christianity "has to be worked out in the crucible of daily life." He hopes to make St Edmund's "the haven in the lump of Lombard St."

religion in the City is really a weekday lunchtime business. The last bull market and the Big Bang blew a hole in attendance figures. Market-makers ate sandwiches by their computer terminals; they had no time for lunch, let alone church. Things have eased since Black Monday, and job insecurity and the financial scandals have driven some movers and shakers to seek solace with the clergy.

trying to serve people and ask them fundamental questions about wealth. Burton Evans gets 30 or 40 in his Sunday service, but says his midweek attendances are pathetic. A supporter of the Bishop of Durham (and of the ordination of women), he touts City pubs at lunchtime in his dog-collar, running the gauntlet of rebeldy, or drops in on the Union Discount Bank or Guardian Royal Exchange.

and litigious style. What does he think of the City ministry? "You must have a holistic view," he said. "I am not against relaxation societies and so on. They all have a validity, but only if the Christian gospel is being preached and proclaimed. I don't think you preach the gospel through food or paintings." He denies that there is any blueprint or master plan for the City churches, but says that the diocese is one day going to have to reduce their grants in favour of the 450 churches "struggling for survival" in the rest of the diocese. He described his clergy-men-critics as "paranoid" and added: "It's no use them kidding themselves that 35 churches meet the needs of 350,000 commuters every day. Yuppies don't eat lunch."

Country Notes Where purity is paramount

WHEN it comes to water pollution, some branches of farming are regarded with a degree of terror by water and health authorities and by river-users. Heavy applications of nitrates on arable farms present a threat to our health, probably a long-term one, and pose an immediate problem to the fishing, swimming and boating fraternities.

These growers are a close-knit community. There are not many of them, perhaps fewer than 30 in England, most of them know, or know of, each other. The beds, mostly family-run enterprises, are concentrated chiefly in Hampshire, Dorset, Wiltshire, Surrey and Kent.

Hathaway Shirts advertisement featuring a portrait of a man and promotional text about quality shirts.

practice for hygienic production and harvesting. The fear of liver fluke... disease might account for the fact that national average consumption of watercress works out at a mere one bunch per head each year and shows little sign of increasing.

Wine

Keep an eye on Médoc '88

After the moderate 1987s, high hopes have been pinned on the 1988 clarets. The summer, although excessively dry from July onwards, was at least wet, but heavy mid-September sales diluted the grapes, and those who picked early may well have made rather thin wine.

Wine

have exceptionally deep colour, and the more open of them fine, fruity, and at this stage oaky, bouquets. Currently they are somewhat "ungenerous", and in my recollection more so than the also very tannic '86 at the same period, but these had more character and perceptible fruit.

Wine

As to the likely level of prices, few of the "nobility" have produced their opening offers, although Mouton-Rothschild and Haut-Brion have come out at Fr150 a bottle ex-cellars. This was their price in 1986 and the other first-growths are expected to follow at the same figure, except for Ausone - its tiny production results in a slightly higher price.

Wine

St Julien: Léoville-Barton, Langoa, Graud-Larose, Ducru-Beaucailon (very closed), Ecuveville (full-flavoured).

Wine

St Estèphe: Cos d'Estournel (particular richness), Mouton-Rothschild (very tannic), Mouton-Batilly, Brane-Cantenac, Issan, Palmer, Rauzan-Ségla, Le Prieur, Monbrion.

Chess

Such has been the tournament dominance of world champion Gary Kasparov that you have to recall Tilburg 1981 for his last indifferent result. But for several rounds of the latest World Cup event in Barcelona, it seemed that Kasparov might at last prove fallible.

Chess

still has to face a heavy attack by 9 P-R5, e.g. P-B4? 10 R-P3, B-P3? 11 P-B5 threatening B-B4 ch. Black's opening system was worked out by Jonathan Mestel in the mid-1970s, but Kasparov's treatment is distinctly stronger than P-Q5 or Q-P2R chosen by many of Mestel's opponents.

Chess

Both players are international masters; who was right? Solution Page XXI

Chess

Chess problem diagram showing a board with pieces and a solution key.

Chess

Advertisement for Cotswolds featuring a photo of a man and text about a joint venture.

Vertical text on the right edge of the page, including "That fee you" and "Trust keep".



HOW TO SPEND IT

Lucia van der Post looks at workplace furniture, a British dishwasher and some Lutyens' designs

That office feeling in your home

THERE SEEM to be two completely contrary trends in today's workplace. On the one hand some sections of the working population are embracing better and better labour deals and spending less and less time at work so that 30 and 35-hour weeks are a reality in some industries. But there are also those for whom 70- and 80-hour weeks are becoming almost standard. These are people for whom the line between work and real life is almost non-existent - work and the rest of their lives spill over into each other almost indistinguishably.

It is these people that Rosenthal, the German ceramic and furniture company, had its eye on when it commissioned Cini Boeri, the distinguished Italian architect and designer, to design a range of furniture that would look equally at ease in the home or the office. It had to combine all the functions of office furniture with the individuality and visual appeal of furniture that the same people might want in their home. In other words it had to be furniture that enabled them to do serious work but that offered, as the French say, "quelque chose pour l'âme", a little something for the soul and the spirit, too.



Zeev Aram, of Aram Design, with some of Cini Boeri's newest designs

or glass or aluminium, are finely finished so that the final effect is actually quite sumptuous in spite of its apparent simplicity. Cini Boeri likes to design pieces that are happy to play a supporting role. "People should be the main protagonists in a room, not the furniture," is how she puts it. "I like to make pieces that give rest and tranquility."

A look at her pieces, splendidly laid out in the great white spaces of Aram Design, 3 Kean Street, London WC2 confirms that these are indeed pieces that many people could live with, restfully and tranquilly, for years. The most magnificent of all the pieces, to my mind, is the majestically simple conference table, from the Prisma collection.

The table pedestals can be of wood or marble, the pyramid-based top of dark wood. But there is also the Ypsilon range, all based on the use of the Y formation as the basic structural element. On the Y, or the double Y, are put a variety of tops. Needless to say, this collection is not cheap. It is not fashionable furniture designed for temporary needs. They are great classic pieces, designed to work and to give pleasure for years. Anybody with a new office to furnish should make a point of looking at the collection at Aram Design. The glass tables start at £994, the plain white desk from £3,316 and the majestic conference table, large enough to seat 12 in comfort, starts at £4,328.

Trust Britain to keep it clean

TO THOSE of us accustomed to thinking of the dishwasher as an everyday tool, a piece of essential machinery in the life of late 20th century Western man, it might come as something of a surprise to be told that once upon a time the dishwasher was a strange, exotic piece of machinery, quite unnecessary in any well-adjusted, hardworking household. To desire one, way back in those early days, seemed a bit decadent - the sort of toy those spoilt Americans indulged in after but not at all the thing for respectable Brits. The first dishwasher, I learned this week from one of Hoover's team of PR men who used to have to sell them, came to these shores via New Zealand. In 1902 and it appeared in the country at least as alien as the kiwi fruit. That first year they sold 2,000 machines at 89 guineas a time - mainly to the the grandest of stores and the grandest of homes.

Since then selling dishwashers has been nothing but blood, sweat and tears. It has taken 37 years to get a dishwasher to 10 per cent of homes. Sales have been so disappointing over the years that one manufacturer after another has either moved into more profitable businesses or amalgamated with other makers - until finally we reached the stage where there wasn't a single British dishwasher on the market. However, there is good news in sight. Dishwasher sales are beginning to pick up - sales have doubled over the last six years and are set to double again by the mid-nineties. In France 25 per cent of families have a dishwasher while in West Germany the figure rises to 30 per cent. With all this in mind Hoover this week launched the first completely British-made machine since the demise of the dear-departed Colston. As anybody who follows these things knows, in recent years dishwashers have come from Germany and Italy, from Spain and France - anywhere but Britain. The disappearance of the British dishwasher from the market was just one part of a long and sorry tale that lies behind some depressing statistics. In 1970 some 18 per cent of manufactured goods sold in this country were imported, today it is 36 per cent. Sad though these statistics are, and welcome though a dishwasher made in Merthyr Tydfil undoubtedly is, Hoover would be the first to agree that we cannot be expected to buy the machine on those grounds alone. So how does it actually perform? I haven't had time or opportunity to put it through the only test that really counts - years of honest service in a robust household - but it comes with some splendid credentials. There are two models, the Crystaljet and Super Crystaljet, selling at £320 and £350 which compare well in price with their rivals. They are extremely quiet to run, come with sophisticated programmes, including one of the most essential of all, in my view, the built-in adjustable water softener, and are backed by a free, five-year parts guarantee. They are going into good electrical departments all over the country over the next few weeks.



Lutyens revived

CANDIA LUTYENS has spent the last three years boning up on the work of her grandfather, Sir Edwin Lutyens. His grand and beautiful buildings are rather better known than the ranges of furniture he designed to put in them. Candia has resurrected some of her grandfather's designs that she was particularly fond of or that she felt were appropriate for today's less commodious houses. She had to have some of her favourite designs made from drawings among the vast number her father gave to the Royal Institute of British Architects' drawings collection as sometimes there were no examples extant. As yet there isn't a coherent range, more a disparate collection of her favourites. There is the Pall Mall Writing Chair, originally designed and made in 1931 for 120 Pall Mall, the showroom and offices of Crane Bennett, a maker of top quality baths and plumbing. The chair itself has a curved walnut and cane back with an upholstered leather seat. Photographed (left) is Candia sitting in a dining chair, one of a set of 10, originally designed for the 120 Pall Mall boardroom. Made from walnut with a tressed back and a drop-in cane seat, they are hand-made, which accounts for the £2,400 price. Once again the original pieces had been lost and the table and chairs have had to be faithfully reconstructed from drawings. Personally I find the dining-table and matching chairs a little bit too much, certainly for modern domestic tastes, but the writing chair and the single dining chairs have a strong and distinctive personality. All the 120 Pall Mall furniture being made by Lutyens Associates is on show at the moment at 120 Pall Mall. Enquiries can also be made to Lutyens Design Associates, Redcliffe Place, London, SW10 9DB. (tel: 01-352-4579).

Food for Thought More macho than a mere melon

PERHAPS YOUR experience of Spanish food has been like mine till now: an occasional holiday on the Costa del something with the sort of hotel food that hotel proprietors can be sure English, German and Swedes will put up with on a very hot day. Strong emphasis on tomatoes, lettuce and melon with occasionally a slice of fried hake or, for local colour, a bowl of gazpacho without too much garlic. For fast days, pastels. Now, nobody supposes that the Spanish live like that all the time; after all, they do have quite severe winters, what with the mountains and everything; and you hardly expect them to be vegetarians. In my restless desire to penetrate these mysteries and leave no dish untried, I have just undertaken a brief tour of Spain. I took in a great loop through Barcelona, Valencia, Alicante and Murcia to Granada, Córdoba, Seville and Jerez, then up to Salamanca, Burgos and San Sebastián, Madrid, in the middle of the loop, got missed, but I have been there before.

I knew, as I imagine everyone does, about tapas. The Spanish eat their dinner so late that the tapas habit is needed to keep you going through the evening, so every bar - and there are a lot of bars - has its row of dishes along the counter. Away from the sea the selection can be pretty weird. In a bar in a village in the Extremadura I ordered something rather uncharacteristically with a vague wave of the hand. What I got but was fortunate enough to have them in what has instantly become one of my favourite restaurants in the world. It is one of those places with a central patio. There is a canvas awning over the top to keep the sun off the customers. This does not prevent several large trees from growing, and the airy, underwater effect is remarkable. The waiters are exceptionally nice and - quite apart from the elvers - there is a good and varied menu. Next time you feel like a long drive to lunch, why not try Córdoba?



I ate not a lot of meat, not because it was not on offer, but because a grilled lamb chop tastes pretty similar to the world over. I did, however, eat a lot of eggs. High-class "café" food is on most menus and fried eggs go with most things. At the end of March, asparagus was in season, not the green kind that is grown in Spain to be eaten here, but the purplish-white eat-me-all kind that is in favour everywhere else; exceptionally good with fried eggs and with chorizo too. Even in quite smart restaurants this sort of inter-city sizzler food is available and presumably ordered. Another feature which cropped up widely is the dish of a vegetable seasoned with a small amount of meat or fish. Green beans or artichoke hearts are tossed in olive oil (sometimes in lard, I guess) with little bits of raw ham. This is exceptionally good, although it was beaten, in my view, by a dish of potatoes: parboiled, I imagine, before being sautéed in hot fat with a few small clams and a little bit of boiled salmon. This kind of cooking gives you all the taste of clams and salmon while eating a plate of potatoes. "The cuisine of poverty," some might say, but every bit as good to eat as the cuisine of affluence any day. These simple combinations are at the heart of Spanish cooking as they are of Italian, and make French food seem rather fussed by comparison. It is the season for elvers to come struggling up the estuaries. This time last year I ate some in Brussels and made a dim resolution to try this year to get down to try the Gloucester market, which is, I understand, the only place in England they are to be had. Well, I didn't get to Gloucester so I had to make do with Córdoba, where I had a dish of Anguillas Fritas, or elvers in garlic. So popular are these little thread-like creatures in Spain that they are farmed all over the place. I saw them on many menus across a wide area of Spain.

Peter Lewis

NEXT TIME you eat in a good restaurant, spare a thought for the pastrycooks. A good pastrycook is to a chef what a first-class goalkeeper is to a championship-winning side. Indispensable at the best of times, the pastry section will get very little of the praise when any meal is reviewed, and yet is in a restaurant through undercooked bread, soggy pastry and poorly presented desserts. In addition, the pastry section tends to work in isolation from the main part of the kitchen and to work even more unsocial hours than other chefs. In Britain, a pastry chef's lot is not a happy one. Despite the recent improvements in kitchen technology, the essential requirements for a good pastry section have remained the same - plenty of space to roll out pastry in a relatively cool area, free from excessive humidity to allow the pastry to breathe, and time in which to allow a range of delights to come to life. In any kitchen, therefore, the pastry section is always tucked away in a corner furthest from the stoves, usually without any natural light. Normally, the pastry section starts at least an hour before the other chefs when the kitchen is at its coolest, yet is fulfilling the last desert orders when the rest of the kitchen is tidying up or has gone home. After all, we want our bread at the beginning and our desserts at the end of the meal. These conditions of employment have made pastrycooks a race apart. Above all, a good pastrycook needs flair and a love of the material he works with. After that, like a musician, he needs practice and dedication. But because they tend to be loners, good pastrycooks need to be left alone to produce their very best. Head chefs, who are usually not trained fully as pastrycooks, tend, unless interested passionately, to leave this section to itself. When it is not working well, head chefs may well buy in their pastry and desserts from outside - an option they would not consider with their meat or fish dishes. For head chefs and would-be restauran-

Eating out The unsung kitchen heroes Nick Lander discusses the unhappy lot of the pastrycook

relatively cool area, free from excessive humidity to allow the pastry to breathe, and time in which to allow a range of delights to come to life. In any kitchen, therefore, the pastry section is always tucked away in a corner furthest from the stoves, usually without any natural light. Normally, the pastry section starts at least an hour before the other chefs when the kitchen is at its coolest, yet is fulfilling the last desert orders when the rest of the kitchen is tidying up or has gone home. After all, we want our bread at the beginning and our desserts at the end of the meal. These conditions of employment have made pastrycooks a race apart. Above all, a good pastrycook needs flair and a love of the material he works with. After that, like a musician, he needs practice and dedication. But because they tend to be loners, good pastrycooks need to be left alone to produce their very best. Head chefs, who are usually not trained fully as pastrycooks, tend, unless interested passionately, to leave this section to itself. When it is not working well, head chefs may well buy in their pastry and desserts from outside - an option they would not consider with their meat or fish dishes. For head chefs and would-be restauran-

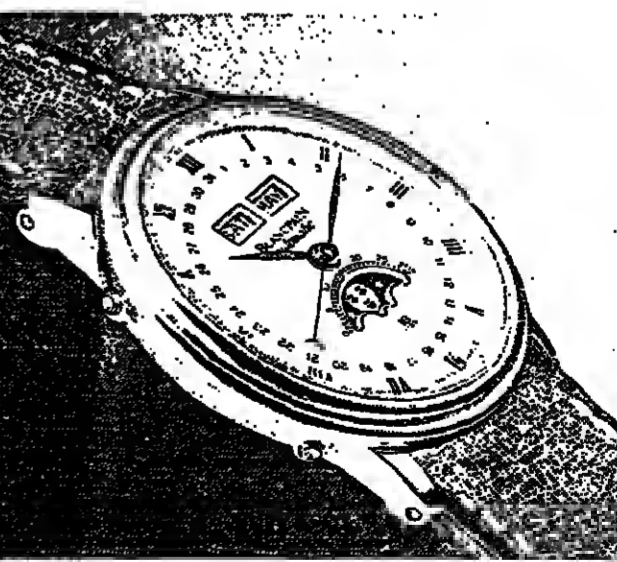
teurs, finding good pastrycooks, and holding on to them, is a major managerial problem. The art and profession of the pastrycook is one of the oldest: ancient Egyptian patesserie included maize pancakes. The real impetus came with the return of the Crusaders, who discovered sugar cane and puff pastry in the Middle East and brought it back to Europe where orders of master patissiers were established by the 15th century in France. Strict guidelines as to quality were laid down and no worker could be taken on unless he could make 1,000 nioles (small Flemish cakes) a day. The profession reached its peak in the 19th century under Carême, and today there are more than 50,000 bakers and pastrycooks in France alone. Such enthusiasm never reached Britain, and over the centuries the gulf has widened: there are no grand teaching establishments in Great Britain to match Le Cordon in France, Funk-keisser in Germany, or the school in Zurich which teaches nothing but "sugarwork". Religion, too, has played its part, with the Roman Catholic Church providing not only a plethora of holy days and holidays as creative excuses for the patissiers' art but also by stipulating certain non-meat days, thus providing an outlet

to create could soon be stripped of all their practical content on cost grounds. At this, he throws his hands in their air. "How, after all can you make good pastry," he says, "without getting your hands dirty?" This man has been proven only too true by Michael Nadell and his wife in their patisserie "factory" in Islington, north London. After an arduous training, the Nadells set up their own business five years ago and their top quality output is now 9,000 individual desserts and 5,000 croissants and brioche a day. Most of this goes to restaurants, hotels and tea rooms in the south, but now he has a distributor in the Midlands as well as a growing business for dinner parties and private customers (telephone orders only, 01-833-2461). Nadell believes that the rise of the supermarkets was responsible for the demise of many traditional British bakers and their skills, and is trying personally to turn the tide. He set up the InterContinental's pastry section and now works a 15-hour day himself, which obviously inspires his staff of 50. When anyone is lucky enough to be taken on chez Nadell, they have to agree to stay a minimum of three years, spending four months on each of his nine sections. His favourite patisserie, other than his own, is Maison Bouquillon, 41 Moscow Road, London W2 (tel. 01-727-4397). As our outlook on food becomes more cosmopolitan, we should not forget the pastrycook. It would be a great pity to eat only apple crumble and bread and butter pudding, however good they are.

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ARTS

# Berlin after Karajan

THE DAY when Herbert von Karajan would no more conduct the Berlin Philharmonic Orchestra has long been anticipated but no-one expected it to arrive quite so abruptly. In his terse letter of resignation - handed to Berlin Culture senator, Mrs Anke Martiny in Salzburg on Monday - Karajan, 81, said his decision had been taken mainly for medical reasons. Anyone who has seen him struggling to reach the podium in recent months must realise that his appearances are a triumph of will over crippling physical disabilities, the legacy of a stroke, falling vision, circulatory problems and spinal surgery.

But his letter also blamed the Berlin authorities for failing to clarify his contractual rights and responsibilities. To most, this was a smoke-screen enabling Karajan to blame everyone but himself for the growing tension in his relations with the orchestra.

It was Karajan who, in January, decided to limit his appearances in Berlin to six per season in an apparent move to conserve his energies for projects elsewhere. Karajan further antagonised the orchestra by going off on tour to New York in February with its main rival, the Vienna Philharmonic. Karajan's concerts in Salzburg last month did nothing but add weight to accusations that he was advancing his own and business partners' interests on the back of the BPO's 16m subsidy from the West German taxpayer; in recent months he has refused to meet the orchestra's representatives to discuss their misgivings. It was hardly surprising, therefore, that even moderate members of the orchestra had begun to call for him to step down.

But none expected him to resign with immediate effect. His decision to do so has undoubtedly cleared the air. It leaves Karajan free to concentrate his remaining energies closer to home in Salzburg, where he is preparing a new production of *Un ballo in maschera* for this summer's festival. It puts him in a position where he may be able to influence the choice of his successor. And he has put the orchestra in a position where its representatives are now running to Salzburg to plead with him to return as an honoured guest. Like all the shrewdest political operators, Karajan is dictating the pace of events.

For the orchestra, resignation creates as many prob-

Andrew Clark

# Musical with a message

Antony Thorncroft discusses *Mass Carib*

ANYONE ANXIOUS to see the Arts Council in action should pop along to *Mass Carib*, a black musical, which is touring the country, currently resting, not too comfortably, at the Hackney Empire and proceeding to Liverpool, Brighton, and then remorselessly north again.

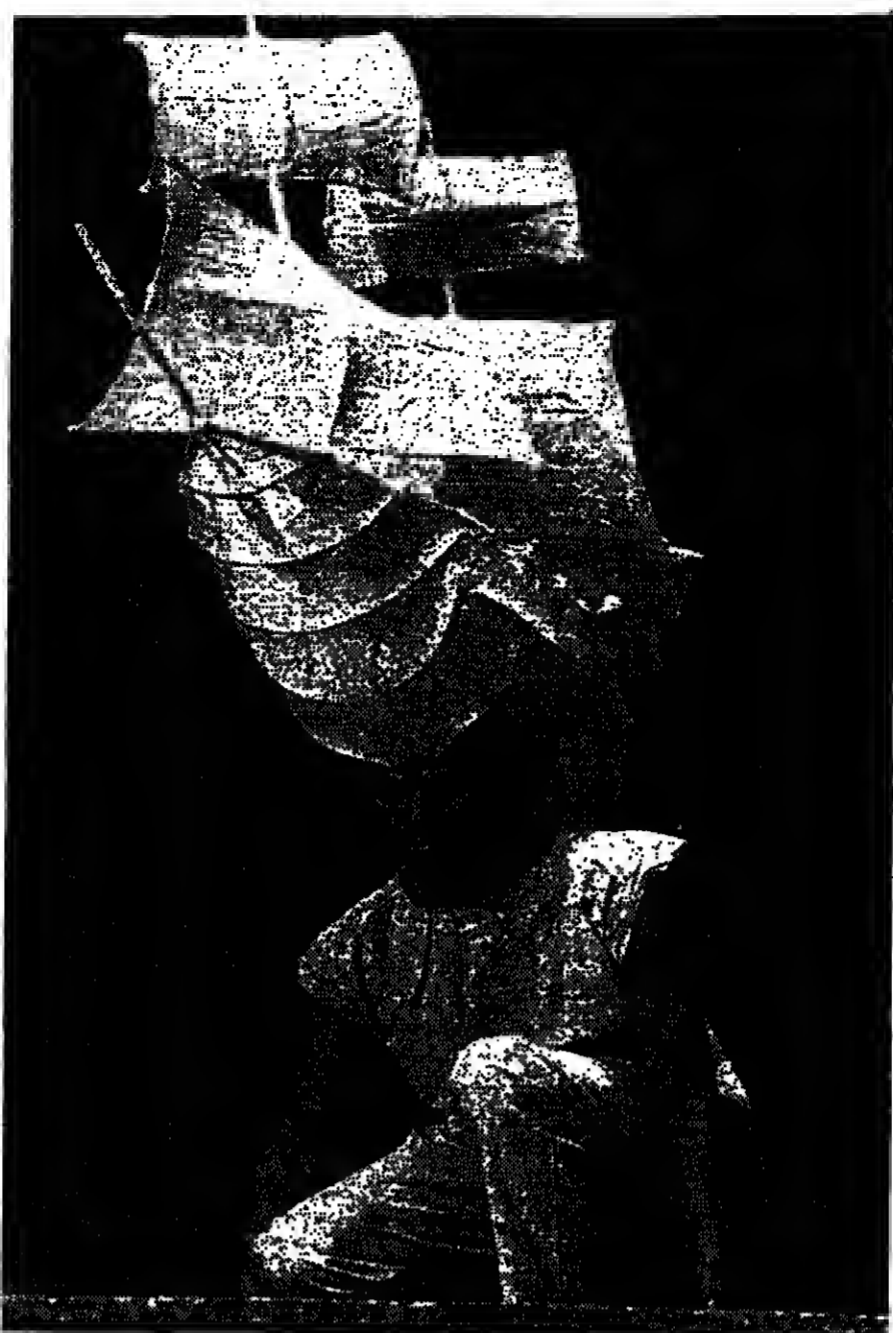
The Council has put £200,000 of our money into *Mass Carib*, its largest ever investment in a production, and you can see why. For once the popular and artistic aspirations of the Council have found a common cause. *Mass Carib* was initially commissioned from Felix Cross by the Albany Empire, a community arts centre in deprived Deptford, thanks to an Arts Council grant. It was a success.

Building on that, the money was found for a grand tour, 30 strong with singers, dancers, soloists and musicians. The good intention was to trail it round cities with large black communities, communities not traditionally caught in the Arts Council's net. So there it is: *Mass Carib* - artistically ambitious, impeccably liberal in sentiment, and reaching the parts most Council activities barely touch. No wonder the Minister for the Arts, Mr Richard Luce, was at hand to share a rum punch at the launch.

*Mass Carib* is an intense two hours, encapsulating the history of the African slaves in the Caribbean through music. The device is simple and affecting. A group of islanders about to emigrate to England in the early 1950's pays a bitter memorial to their captive past in West Indies in the form of a mass, a mass shot through by the two religions that have dominated their culture - the smothered gods of Africa, submerged but not forgotten in the westward transportation, and the Christian God who, through identification with the Jews in Egypt, became their talisman in their enforced homeland.

The Mass follows the Latin form - Kyrie, Gloria, Agnus Dei - but embraces African influences, musical, religious, linguistic. And it also incorporates a Christian African shaman converts to Christianity while his wife clings to the old religion and is sacrificed for her faith during a slaves uprising against the colonial masters. Christian parallels run alongside the theme of exodus, from Africa to the West Indies, and now back to the country of the original slave traders. The most telling moment is the encore when the cast wails to the front of the stage waving disconsolately their British passports.

Felix Cross is ambitious in his music: there is no facile reliance on reggae or even gospel to make the impact. This is stronger stuff, punched home with quite



Tony Gouveia: the production is touring under the auspices of the Arts Council

elaborate choral and solo scores, underpinned by drum and guitar rhythms. The African chants, sung in Yoruba, are the most powerful, perhaps because the old gods, Shango and Eshu and Shalpana, remain the heroes - another case of the devil having the best tunes.

As a production *Mass Carib* is a bit of a mess, good ideas fighting for expression. No soloists get the chance to develop a coherent character and the choreography seems unnecessarily cowed. Perhaps the makeshift character of the Empire stage is too inhibiting. This is challenging stuff, an expression of repression rather than the *joie de vivre* embrace endemic to black musicals.

There is a certain majesty to Teddy Klend's direction: the boats that play such a crucial part, taking the blacks to the Caribbean and then to England - are paper mache models carried on the heads of actors slowly progressing throughout the auditorium. The predatory whites, wearing skeletal masks, and representing military, religious, and political power, sing their parts seductively and beautifully from boxes dominating the stage. There is no happy ending.

*Mass Carib* will not make any money for the Arts Council but it is a fine example of seed corn being sown to develop into a worthy theatrical experience - instructive, innovative, and quite moving.

Radio

# A talent for comic eccentrics

PETER Tinniswood tells us in the *Radio Times* how much he enjoyed writing *Winston*, the story now going out on Wednesday lunchtimes on Radio 4. A lunchtime serial, Simon Brett's *After Henry*, has been one of the happiest things I heard this year, and I am sorry I never managed to see so in this column; so I will write about this one at once.

Winston, whom his creator describes as "poacher, scholar, gentleman, romantic," is only likeable as a fictional invention. His wife, who objects to his constant infidelity, has kicked him out and got herself "a new bloke." Romantic is a generous word; his sexual habits are as discourteous as they are broad.

In the first of six parts, Winston invites himself to live with the Empson family - Father, who talks as if in the forces in wartime India; William, who I suspect will turn out to be a yuppie; and daughters Nancy and Rosie. They cheerfully ask him in as lodger, servant and workman, not caring about his scruffiness but hating his dog, who eats the first chapter of William's book. Winston then tries to seduce Nancy. She seems not displeased. But at a family

conference, they decide that it will be wrong for him to stay in the house. They show a reluctant admiration, but William says "He's not our sort - common," and Nancy adds "He doesn't belong here." Then in he comes with a marvellous dinner on a trolley. What can happen in the next five instalments? Shall we want to know?

Bill Wallis plays Winston, Maurice Denham is Father, Shirley Dixon Nancy, Shaun MacLoughlin directs, and Peter Tinniswood is busy on another series on Thursdays called *Uncle Mort's North Country*, in which he again displays his singular talent for inventing comic eccentrics.

Lunchtime on Thursdays gives us repeats of *King Street Junior*, first heard on Tuesday evenings. This is no radio *Orange Hill*; the action is set among the staff. Education being in the news, I wanted to hear if or how the staff would be concerned. The only serious item was a cut of 20 per cent in the County Hall money. No one mentioned the national curriculum. The gift of an electric guitar to the school by a local music shop prompted a jokey episode in which music teacher Mrs Rudd and supply teacher Philip Sims went busking for school funds. Producer

John Fawcett Wilson kept the mood light-hearted.

There was more concern for current affairs in a good Schools programme that afternoon, 20 minutes on "The image of science," presented by Heather Cooper. Not a favourable image, alas. Of nine high-school pupils at the Edinburgh Science Festival, not one wanted a career in science.

Brian Friel's *Making History* (Radio 3 last night) was the penultimate play in the series, and very good it was. It tells the tale of Hugh O'Neill, Earl of Tyrone, whose loyalties were unevenly divided between Queen Elizabeth and the age-old Gaelic civilisation of Ireland, and it tells it equally. O'Neill was not a good man; the first thing we are told is that he has kidnapped Mabel Bagenal, a Protestant, sister of the Queen's Marshal, to be his third wife.

Friel is less concerned with O'Neill's marital morals than with his political duplicity, but his main theme is not the propriety of either, only the need for a truthful record. So we have Archbishop Lombard busy on a history, and O'Neill insistent that he must approve what is written. O'Neill, with another disloyal Earl, Tyrone, hopes for a fleet and an

# Saleroom Spine tingling instruments

CHARLES Wheatstone was one of those Victorian eccentrics who made Britain great. He spent the first part of his life in the family musical instrument business, where he invented the concertina and the symphonium before moving on to become Professor of Experimental Philosophy at King's College London, where he devoted himself to the perfection of the electric telegraph. On the way he dabbled in developing electromagnetic clocks, typewriters, and harp lutes.

On Friday Sotheby's is offering almost 40 items - patent models, inventions, research apparatus, prototypes etc - from Wheatstone's private laboratory. It would be stretching the truth to claim that this opens up an Aladdin's cave of scientific treasures. The collection has been picked over in the past by such worthy institutions as the Science Museum and the Smithsonian in Washington. But, being serious seekers after truth, they overlooked such classic breakthroughs as the Wheatstone rail saddle of the 1840s and the Wheatstone experimental typewriter keyboard of around 1850. Here is the jumble of a great scientist's workbench, of fascination to any contemporary inventor, scientist, or social historian. And, being scientific instruments, prices are likely to be ridiculously low, most lots selling for well under £1,000.

This is one sector of the "art" market which has yet to take off. Even Sotheby's specialist Jon Baddeley admits: "It is very quiet. There is a poor price track record, just steady, slow growth. Scientific instruments are under-appreciated and I expect they always will be."

There is no mystery why this is so. Few potential collectors are interested in such intricate, technical, obscure items as a mid 18th-century universal astronomical ring dial or a late 18th-century ebony octant. The highest auction price for a scientific instrument is just £380,000 (paid for an early astrolabe) and the only sector of the market to command reasonable prices is that turned over by interior decorators, who are well aware that some 18th-century globes or a smart brass telescope will nicely jazz up a New York apartment or an English country house.

Here prices are rising rapidly. Indeed according to one London dealer in this field, David Weston, the price of globes has doubled in the last five years. On Wednesday Christie's secured a record auction price of £104,500 for a pair

of 17th-century Italian library globes and Sotheby's has a good selection on Friday, of both celestial and terrestrial, ready to whir in moments of tension or ecstasy.

Telescopes, too, add a serious, scholarly look to a room and a 19th-century model can be bought for well under £1,000. Microscopes, in their nicely turned out boxes have a similar appeal. But these are fun objects - attractive presents, conversational toys.

Where is the demand for a rare gilt brass nocturnal and quadrant, made in Florence in 1527 in one of the earliest European scientific instrument workshops, that of the Volpaga family? This important example of early time keeping actually carries the name of the owner, a Greek priest, in an inscription, and provides a fascinating link with the past. It might not be too reliable at a glance - squinting through the hole in the centre at the moon is not guaranteed to give split second timing - but as a milestone towards the modern age it is surely worth more than the £18,000 upper estimate.

The sale has a good group of early Italian instruments and Jon Baddeley can justifiably wonder why a Ptolemaic armillary sphere made by a later Volpaga in 1698, which with its whirling circles of gilt brass is as much a work of art as any Florentine bronze of the period, should sell for less than £20,000 while a bronze of a classical god might top £200,000.

But until the number of rich collectors in this field rises above the current half a dozen or so, split between the US and the continent, scientific instruments will remain a peaceful backwater. Not that all the objects for sale are academic dinosaurs: Friday's auction includes some of the most horrific items admitted to the saleroom.

A particular spine tingler is a set of Savigny dental instruments made in England in the mid 19th-century. The fact that the handles to the 16 instruments are in decorative mother of pearl gives an extra dimension of terror to the torture tray, in particular the single claw tooth-keys which twisted the doomed molar out with one quick, unhesitating, jerk. The set carries a top estimate of £2,000.

Just as worrying is a set of adaptation instruments, awarded as a prize to a student at the University of Edinburgh in 1856-57. The mahogany case with its velvet interior holds a saw, three knives and a tourniquet, and, as with the dental set, is a timely reminder of the benefits of 20th-century living.

Antony Thorncroft

# CONCERTS in LONDON

Wednesday 24 May 7.30 p.m.	THE BRUNYER BAND AND CHORUS at ST JOHN'S SMITH SQUARE Roy Goodson director. Graham Jacobs. Paul Rosewood. Andrew Macgregor. Gerald Clegg. Andrew G. Hedges. 01-2221841
Thursday 25 May 7.30 p.m.	THE BRUNYER BAND AND CHORUS at ST JOHN'S SMITH SQUARE Roy Goodson director. Graham Jacobs. Paul Rosewood. Andrew Macgregor. Gerald Clegg. Andrew G. Hedges. 01-2221841
Friday 26 May 7.30 p.m.	THE BRUNYER BAND AND CHORUS at ST JOHN'S SMITH SQUARE Roy Goodson director. Graham Jacobs. Paul Rosewood. Andrew Macgregor. Gerald Clegg. Andrew G. Hedges. 01-2221841

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ARTS

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Crespin sets the standard

ASKED WHICH performance I most regret having missed, I would not hesitate to name the concert at which Régine Crespin sang Ravel's *Shéhérazade* at the Edinburgh Festival in the early 1970s.

The song-cycle with orchestra is a discipline that makes contrary demands on its performers. In a concert most singers are so worried about making themselves heard at all that they have little time to think about the words.

As the LSO's first oboe players seductively over his opening solo, it seems that *Shéhérazade* will be stimulating to the same degree. So it is, too, in the orchestral department, where Abbado's keen ear uncovers a myriad of details usually lost to the listener.

When Price utters the suggestive invitation "Entre" in the last song, the tone is quite wrong. There is no danger of being tempted here. Nor is there when Barbara Hendricks sings it on her new disc of French vocal music.

The disappointment is the greater because she offers pleasure of a more muted kind, as one longs for the chaste manner to be softened by some suppleness in the way she speaks the texts.

Richard Fairman

THE SEVENTH annual International Theatre Festival of Parma has been concentrating this week on the place of the actor in both the theatre and beyond.

Last Saturday's opening production was a one-man reading by the veteran French film actor, Alain Cluny, in the breathtaking *Teatro Farnese*, one of the last and greatest temples of the dying Renaissance.

With a just irony, and a raspingly elegiac and echoing delivery, Cluny read, in *Tricolore Lappen*, from the Venetian and Brazilian travel diaries of Alexander von Humboldt. Here was late 18th century man re-defining his place in the universe, just as the late 20th century actor must re-possess his place in the theatre.

The urgency of Humboldt's apostrophes, punctuated by some ecstatic Handel-like settings by Alessandro Nildi of Levi-Strauss's cantos from *Triste Tropiques*, was given a brilliant physical analogy in the progress of Cluny through the theatre.

The director of *Tricolore Lappen* was Gigi Dall'Aglio, a stalwart of the festival's best company, the Collettivo Di Parma, whose *Quando Incomincia Lo Spettacolo* (When Does The Play Begin) at home base in the Teatro Due was a different sort of environmental project, directed by Walter Le Moli and compiled by Daniele Abbado.

IN MOST orchestral concerts 19th-century Russian music still means the works of Chalkovsky and a handful of lullabies by Musorgsky and Borodin.

The lynchpin of that lineage is recognised as Rimsky-Korsakov, who as teacher and proselytiser did more than most to nurture and propagate it.

Richard Fairman

Spotlight on the actor

Michael Coveney attends the Theatre Festival of Parma



Laurence Calame, left, and François Chatelet in a controversial Miss Julie from Geneva

The audience of about 100 people sat with the actors around a table the size of a tennis court.

We became surrogate performers, with our gestures, looks, scratches and sighs. The actors read stiffly from books, from philosophical and poetic masterpieces. But the word was out of joint.

This sop to popular expectation was again superseded by two actors in ridiculous piped-hose rehearsing a nonsensical exchange from *Finnegans Wake* supervised by Marcello Vazzoler's hilariously mobile prompting bonumcule and, beyond him, Paolo Bocelli's threatening director.

THE CLOSING stages of the 1988-89 New York Met season are devoted very largely to Wagner's *Ring*. The company is mounting three cycles for its recently completed new staging, and, perhaps as a consequence, the production (evidently not in its first freshness, no dates given in the stumpy Met programme) is of the comic-strip tendency.

IN MOST orchestral concerts 19th-century Russian music still means the works of Chalkovsky and a handful of lullabies by Musorgsky and Borodin.

act. Rimsky and Musorgsky take responsibility for the central pair, and Borodin supply the finale. The project founded after about a year, and the composers were left to salvage the music they had written as best they could.

Neither. Best 1 N.K.S ch. K.B.S; 2 RXP ch. K.R.R; 3 NXP ch. K.E.I; 4 N.X.R, R.X.B when White's four pawns can hold a draw against Black's extra bishop.

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fundamental enquiry into the artistic hierarchies. A finale was required, and this was provided in a full-blooded performance of the last scene of Euripides' *Orestes*, a macabre tango of mayhem with Menelaus and Helen interrupted not by Apollo but by the crushing descent to table-level of the ceiling.

It seemed curious that a theatrical discussion about the actor's role should end in a renewed allegation that artifice is the dominant reality. I am prepared to concede a satirical intention on the grounds that I had a very good two hours in the theatre.

The next two hours were more problematic, though thematically related. In the Teatro Due foyer and cafe, Martine Vandevilla and Hélène Lapiouev played the actor Ion and the philosopher Socrates in a brisk canter through Plato's dialogue *Ion*.

mindless or unworthy divaricissement. The house is huge for this tender comedy of sentiment, and, perhaps as a consequence, the production (evidently not in its first freshness, no dates given in the stumpy Met programme) is of the comic-strip tendency.

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sleep. The material, which is not uninteresting, became entirely secondary to the circumstances.

This came from the Acteurs Producteurs Associés, a new Paris set-up. A second APA show, *Innocence*, comprising fragments of Heinrich von Kleist and the Bible, was presented out back of the Teatro Due in an open air swimming pool.

These figures were frozen in their environment, as was your correspondent lurking by the two metre mark. It was a naughty night to swim in, unclue, even without the water. The whole thing smacked of Robert Wilson of the early 1970s, not so much

manté smiles and pert, practised gestures. Some freshness is missed in her Adina (it is present in Dawn Upshaw's Giametta, which makes for an interesting contrast); the voice, however, is exquisite.

IN WHICH he lived, Rimsky's success (or failure, depending on one's point of view) in insulating his music, and his opera plots particularly, from the real world is perhaps one reason for the neglect of the bulk of his music since his death.

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Eisenstein on the Beach as Kleist-time in the swimming-pool.

Interestingly, the APA also incorporated some of Kleist's pronouncements on the nature of puppetry. Craig's theories of the uber-mario-nette were just around the corner, which only goes to show that hegemonic arguments in the theatre are always par for the course.

The star guest attraction last Sunday, though, was Strindberg's *Miss Julie*, directed by Matthias Langhoff for the Comédie de Genève. Here was a typical European-style concert production fascinatingly, barbarically, juxtaposed with powerful, uncompromised acting.

The midsummer night drums grow louder. Christine (Martine Schambacher) chops food for soups at the downstage wooden block. Miss Julie (Laurence Calame) enters through a split wall of lurid pink and dances on the table, buoyed up by a floating knapsack of coloured balloons.

With its 1950s refrigerator, operational stove, wood news from Stockholm on the radio, tilted floor, pungent kitchen smells and grotesque violence, this may sound like a travesty of Strindberg's "naturalistic tragedy." It is not. Langhoff certainly incorporates a commentary — most strikingly at the end, when the suicidal Julie exits to the barn over the heads of the audience and the play starts again with a new balloon-laden reveler installed onstage of the still-busy Christine: is she Julie, was this a dream play, or a metaphor of rape? — but he also strikes to the heart of Julie's neurotic desperation and of Jean's psychopathic response.

Time enough for further debate when this extraordinary production comes to London in July. But it does show how the most challenging work will always arise when actors and directors acknowledge their reciprocal functions.

Max Loppert

Pavarotti's New York elixir

he is warm, affectionate, a "popular" artist at his most genuine, and the audience is with him all the way.

IN MOST orchestral concerts 19th-century Russian music still means the works of Chalkovsky and a handful of lullabies by Musorgsky and Borodin.

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Firebird in flight

Andrew Clements introduces a festival of Russian music at the Barbican

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Period Rameau

EBF's desire for historical accuracy was entirely on the right lines, there is a limit to what peaches-and-cream costumes and posed gestures by themselves can communicate to an audience today.

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Habsburg, Feldman FINE ART AUCTIONEERS. Auction Calendar May-June 1989. Zurich, Hotel International Dorfstrasse. May 1-3 Stamps and Postal History. May 8 Important Impressionist and Modern Paintings, Drawings and Sculpture. May 9 Art, Miniatures, Jewellery, Books, Manuscripts, Maps, Prints, Photographs, Objects of Art and Russian Works of Art. May 10 Fabergé, Objects of Art and Russian Works of Art.

THE FLIGHT OF THE FIREBIRD. RIMSKY-KORSAKOV AND ST PETERSBURG. SUNDAY 7 MAY at 7.30pm. LONDON SYMPHONY ORCHESTRA. presents the UK Premiere of RIMSKY-KORSAKOV'S Russian opera-dance spectacular MLADA. conducted by MICHAEL TILSON THOMAS. produced and directed by JULIAN HOPE. photographed and danced by GABY AGIS.

Pick of the week. CHRISTIE'S. Alfred de Prades (Fl. 1844-1883); Teddington, Winner of the Derby 1851, signed and inscribed, oil on canvas, 27 1/2 x 43 1/2 in. (69.4 x 109.5 cm). (Detail). Estimate: £8,000-£12,000. This splendid painting by Alfred de Prades depicts Teddington, Winner of the Derby 1851, and is one of the many paintings, watercolours and prints of racing, hunting and coaching scenes to be sold by Christie's South Kensington at their second annual sale of Equestrian Art, Racing Memorabilia and Fine Wines at Tattersalls, Newmarket on Thursday, 4 May at 10.30 am (Memorabilia) and 6.30 pm (Pictures). All lots, including vintage port, fine Claret and Burgundy as well as a selection of racing memorabilia, will be on view at Tattersalls on Wednesday, 3 May. For further information on this or any other sales in the next week, please telephone (01) 581 7611. 8 King Street, London SW1. 85 Old Brompton Road, London SW7. 164-166 Bath Street, Glasgow W9.



SPORT

YOU CAN always tell when the cricket season has started - the weather goes from bad to unpeppable. The past fortnight has upheld this tradition, with heavy snow at Derby last Saturday evoking a mass of memories of sunnier days and higher scores.

John Nyren began his classic, *The Cricketers of My Time*, first published more than 150 years ago, with the declaration: "The game of cricket is thoroughly British." Any disappointed fan will go one step further today and tell you that the most British thing about the game in England is the cold wet weather that overhangs the start of the season like a funeral pall.

In Nyren's day, at least, the Hambledon Club he was describing had the sense not to start playing until the first Tuesday in May. Nowadays, we start early in April and only April showers prevented Graeme Hick making the MCC's opening match too painful to forget. When rain stopped play at tea-time the Saturday before last, he was 173 not out and Worcestershire 474 for 2. It is open to imagination how many he might have scored had the climate been kinder.

Wet weather and bitter beer are two of the traditional Australian complaints about English cricket, and I see no reason for that to change when the Aussies arrive next week to prepare for the fight to win back the Ashes (as Hambledon, in days gone by, used to spend the first week in May preparing to fight off pretenders to their crown as the kings of English cricket).

In a fit of patriotic inspiration, Nyren used his second sentence to tell us that the word cricket probably comes from the Saxon cry, "a stick," and there is a sort of lyrical inevitability about the fact that cricket sticks, better known as bats, can be made only from the wood of one species of willow - the female of the *salix caerulea*, a water-loving, riverbank native that grows in damp climates like England's.

There have been many changes in cricket since the great days of the Hambledon Club. Bats and weather are among the precious few features of the game that are pretty much the same now as they were then; and the quality they have in common now, as then, is moisture. The reason willow makes good bats is that it is strong, durable, light and moist enough to stay springy and resilient come what may.

Home-grown or imported, good or poor quality, every length of willow embarking on a cricket bat career starts its new life by being stripped of its bark and dried out. Half the body weight of willow is moisture and that is a bit too much, even for cricket. Each length of trunk is cut into sections, called cleats, which are dried until their moisture content is reduced to a comfortable 11 per cent.

I was told this and shown it in action by Bernie Facer, one of the last bat-makers who works by hand. He turned a cleft of willow into a bat while I watched. It took him two hours. He has a craftsman's scepticism about drying bats by natural methods. Putting bats in well-ventilated barns and sheets

Willow to make bowlers weep



Batman strikes again: Bernie Facer at his Buckden workshop

means a wait of anything up to 18 months before they are dry enough. A well-ventilated kiln means a wait of 48 hours and, as far as he can see, does not harm the wood. He uses both methods.

Facer has been making bats for 30 years, including an unhappy spell in his own bat factory before setting up on his own. He supplies a small, devoted market and the start of the season is a busy time for him. Most of his customers are local - from Huntingdonshire, Cambridgeshire and all over East Anglia - but he exports a few to Australia and the West Indies.

The day I went to see him, he had just had an order by telephone from Orlando, Florida (April and May are the most profitable months for cricket homesickness). Facer much prefers his present work to making bats for Geoff Boycott, John Edrich and the large

number of Test and county players he supplied in his factory days.

All bat manufacture involves the same basic processes: stripping, drying, weighing, measuring, balancing, cutting, pressing, shaving and shaping. Factories do these to a standard, fixed formula. Facer does them according to the individual needs of his customers, to whom he gives outspoken advice.

Everybody is fussy about his bat and only really likes one that scores runs. But it would be a brave man who told Boycott in the Sixties and Seventies, or Ian Botham today, that he didn't know what bat was good for him.

People who make bats by hand, cricket coaches and lovers of old-fashioned touch play dislike the new breed of heavyweight bats, although Facer makes them if he can't talk his clients out of them; they are as good as stylish

bats at paying the grocery bill. The 3lb to 3lb 4oz heavyweight celebrities of the Eighties - the Jumbo, the Giant and Botham's favourite demolish-the-sofies Magnum - mean heavy hits in one-day cricket. But they have none of the easy manoeuvrability of the 2lb 4oz bats that were used pretty well universally until a few years ago and are still by far the most widely-used today.

Nevertheless, weight is gaining popularity. All the Glamorgan batsmen I met at Fenners the Saturday before last, easing their way into the new season with a match against Cambridge University, said that at least one of their three-or-four-bats weaponry weighed 2½lb, often 3lb.

It is only a matter of time before the MCC decides that this weight is killing batting and introduces laws to limit it, as bat height and breadth were limited when they looked like killing it in the past. In 1771, Thomas "Shock" White of Ryegate arrived at Hambledon for a match against the Hambledon Foxes with a bat which, as Nyren commented drily, "being the width of the stumps, effectually defended the wicket from the bowler." The width of bats was immediately limited to 4.25 inches, and the Hambledon batsmen made an iron frame of this width through which they could pass the ball.

Bat-makers today still use 4.25in frames to measure as they make.

After Shock White, bats settled back into their stately aloofness from change for a couple of quiet centuries. Then, in 1973 Barry Richards came out with an orange bat and Graham Gooch with a blue one for Sunday league games. They were forbidden quickly.

It is fitting that Dennis Lillee in his Australian heyday should have been the most recent champion of resentment at English cricket's conservatism, epitomised by its bats. In 1979, Lillee invented the revolutionary aluminium bat. Forbidden quickly. More than that, in 1982 catering staff in the West Australian Department of Mental Health declared the bats to be useless in the fall-back vocation Lilies had found for them as "bacteria-free and virtually indestructible" soup-stirrers in the hospital kitchens. They were too hard to clean - an ignominious ending for the latest effort to save bats from stability.

At the moment, willow disease looks the most dangerous candidate in that cause. It was brought into the country recently by foreign willows, as Nyren could have told us in advance. The willows came from Holland but their ailment has a quintessentially English name: waterkanker. While scientists work on producing a vaccine, rain, sleet and snow continue to fall and Lillee has begun to succumb to the dampness of English cricket.

Following last year's dreary summer playing for Northamptonshire, he is going to spend this summer coaching for them and - who knows - consolation in his countryman's English when they lose the Ashes series. In Nyren's words: "Ale which would put the souls of three butchers into one weaver. Ale that would flare like turpentine." It would be nice if something in English cricket flared this season.

Teresa McLean

Why American golf is so complacent

SEVERAL of the most serious symptoms contributing to the current decline of American professional golf have manifested themselves in the past month. At the Masters, Scott Hoch, by his own admission a journeyman (in American parlance, a blue-collar touring professional), got into position to soar out of that depressing category for the second time in the space of two years. His career has been very lucrative but otherwise largely undistinguished.

In the 1987 US PGA championship at Palm Beach Gardens, Hoch took three putts from 8ft on the 72nd hole when two would have given him his first major. What happened to Hoch at Augusta recently is now history. But, in a sense, Nick Faldo has been the beneficiary of two American players' frailties in winning his own two major championships, since Paul Azinger dropped strokes to put at both of the last two holes at Muirfield in the Open Championship of 1987, and lost to Faldo by a single shot.

Hoch has now won well over \$2m since joining the US tour in 1980. In that period he has won only three tournaments in his native country. More significantly, two of those victories, recorded in the 1980 and 1984 Quad Cities Open, were gained when many of the best Americans were in Britain competing in our Open Championship. Hoch won the much-covetedardon Trophy in 1986, one of his six winless years, with the tour's low stroke average of 70.08.

Similarly, Azinger won three times in America in 1987 but only once in 1988, and this season has gone winless so far. But he has \$111,000 in prize money for 11th place on the money list.

I believe Azinger has been haunted by his failure at Muirfield two years ago. In fact, Azinger putted so poorly at the Masters that in desperation in the last two weeks he has resorted to using the elongated putter that has become the rogue's badge of senior golfers bedevilled by the "yips".

It is the last two tournaments that have so completely exemplified all that is really insidiously damaging to America's chances of regaining the

Ryder Cup in September. On Hilton Head Island, in the Heritage Classic, winner Payne Stewart started a final round three strokes ahead of his nearest rival, Kenny Perry. The latter is a strapping, very long-hitting 28-year-old from Kentucky who is in his third full season on tour after three unsuccessful attempts at the qualifying school.

Perry has a wife and three children under five years of age to support, so when Stewart birdied the second hole of the final round on glorious Harbour Town links, the so-far winless Perry unashamedly reported that he then began to play for the second-place cheque of \$26,400. He has earned with some ease by four



strokes over Fred Couples and Bernhard Langer, who ties for third.

Stewart won by five shots to record his fourth victory in this, his ninth season on tour. His cheque for \$144,000 allowed him to take his earnings this year to \$328,710 for a career total of no less than \$2,734,117, and that is only the tip of the iceberg - official money, as it is known.

Last Sunday, in Greensboro, North Carolina, controversial Ken Green carried a two-stroke lead over winless 27-year-old John Huston, slenderly built but another big hitter in his second year on tour, into the final round of the rich K-Mart Stores-sponsored Greater Greensboro Open.

Huston, married with one young daughter, was playing in the final group for the first time and was understandably nervous. He threatened briefly, only to fall back. Then, like Perry, he concentrated only on securing second place with its massive reward of \$100,000.

It is easy to sympathise with both Perry and Huston, but not with a system that puts such a small premium on outright victory. However, the most disturbing statistic of recent months concerns the very talented, but almost negligently nonchalant, Couples. Couples has already won \$416,747 this year without a single victory and, in his ninth year on tour, has won only three times. But he has still managed to bank \$2,335,783 in a far from outstanding career.

Is it any wonder that American professionals are getting a bad name for their complacency, even if these are victims of a trade union-type system that ensures a fine living for so many? Forty-five players have already this year amassed a six-figure sum each during a season less than four months old.

But worse is to come, if you despise remorseless consistency without victory. Of the top 20 money winners in the US, only 12 have won a tournament so far in 1989. Yet the other eight lumped together have pocketed no less than \$2,311,122.

We all know how strong the American tour is supposed to be in depth. But is the pressure becoming so great that too many are ready to substitute a fat cheque for the thrill of victory? Certainly the agony of defeat is now only rarely painful to a proud and shrinking minority.

Five years ago, Fuzzy Zoeller played in an exhibition match that I staged in Asheville, North Carolina, in aid of charity, and he took a \$5,000 fee, providing wonderful value for money. Last week he told me that in those days he could not fill his restaurant at that price, but that this year he is already scheduled to take part in 66 outings at \$25,000 a time. Because of his ailing back, he has already rejected many more such offers. Need I say more?

Ben Wright

CROSSWORD

No. 6,922 Set by CINEPHILE. Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday May 10, marked Crossword 6,922 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 13.

A crossword puzzle grid with numbers 1 through 27 indicating starting positions for the clues.

The subsidiary parts of the across solutions are Spoonerised: that is, consonants and/or vowels are transposed. BLACK BANDED for BACKHAND, or ROTTE RIFE for TIGHTROPE.

- ACROSS
1 The one remaining temple for speeding on the motorway (1,4)
5 Arrangement for increasing cholesterol level (6)
9 Identifications for other than wild horses (4-1)
10 Pet plant? Abduct someone with a German accent? (6)
11 Difficulty in artillery: make no progress (8)
12 Summon vessel from the blue (6)
14 Bamboo column is analgesic (4-5)
18 Institution, need for the use of: measure for engine (5-5)
22 Untypical miss by explosive plaything (6)
23 Japanese anti-aircraft fire takes the biscuit (8)
24 Strike god, the big-headed figure (6)
25 Reserves writer in town hall or enclosure in stable (5,3)
26 Spoil mail on road (6)
27 Run away from one's victim, having liberty of movement (4,1)

A 10x10 grid for the solution to the crossword puzzle, with letters filled in according to the clues.

TELEVISION & RADIO

SATURDAY

Television and radio schedule for Saturday. Includes channels like BBC1, BBC2, Channel 4, S4C Wales, Anglia, Granada, Yorkshire, Radio, and BBC Radio 2. Lists program titles and start times.

SUNDAY

Television and radio schedule for Sunday. Includes channels like BBC1, BBC2, Channel 4, S4C Wales, Anglia, Granada, Yorkshire, Radio, and BBC Radio 2. Lists program titles and start times.

Josephine Lito